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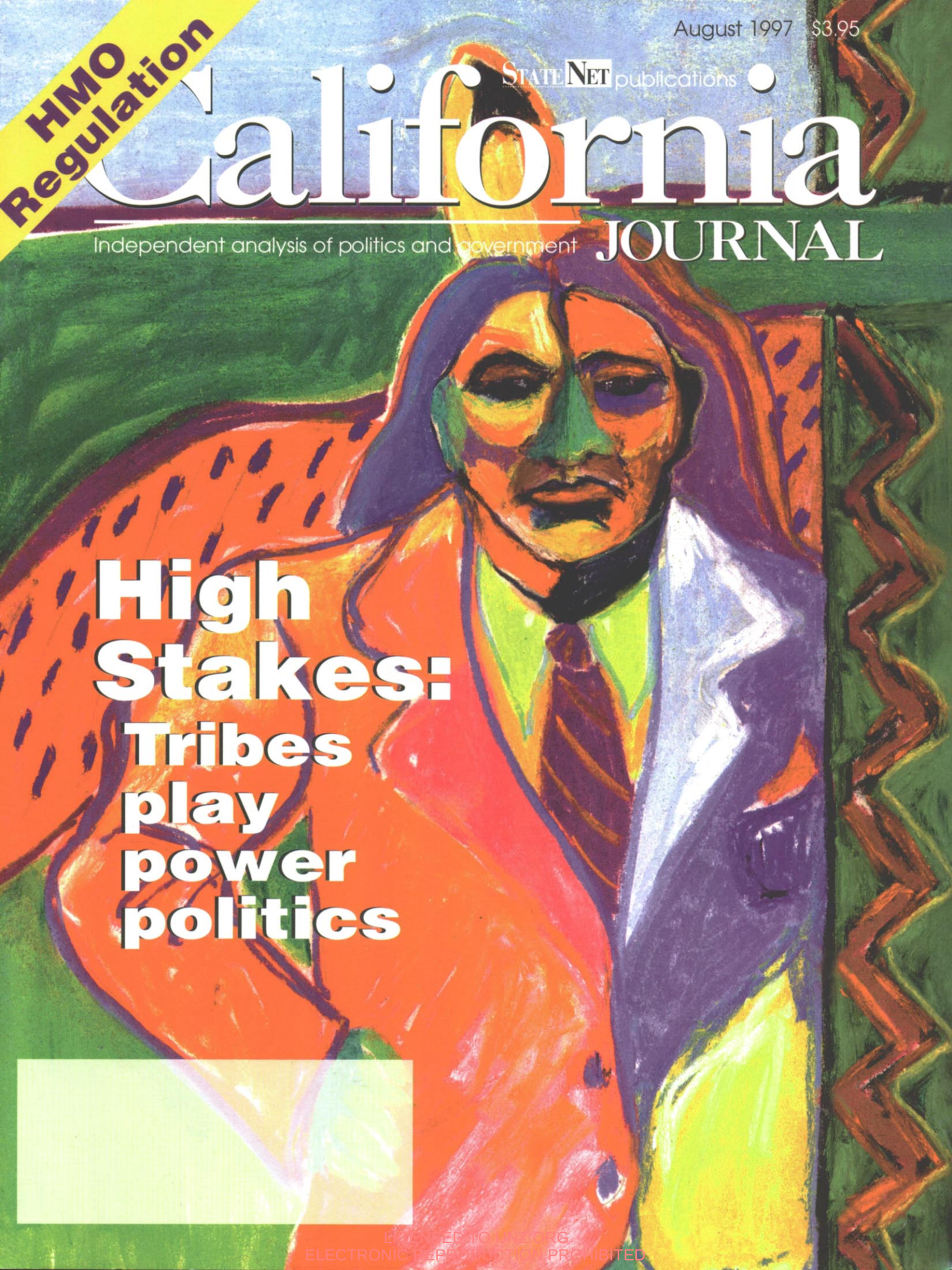

High Stakes: Tribes play power politics

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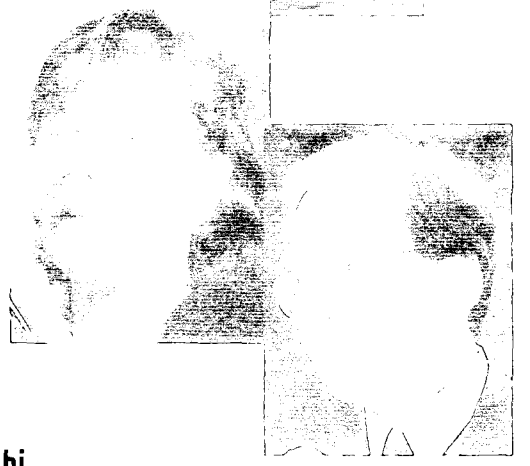

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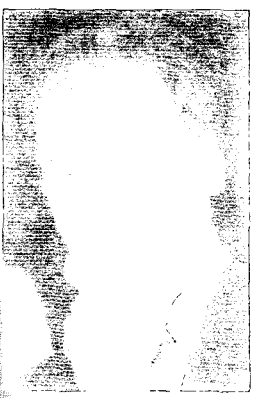

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Cover illustration by Dagmar Thompson. It was inspired by paintings of Malcolm Furlow, an artist from Tres Piedras, New Mexico.

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Upfront

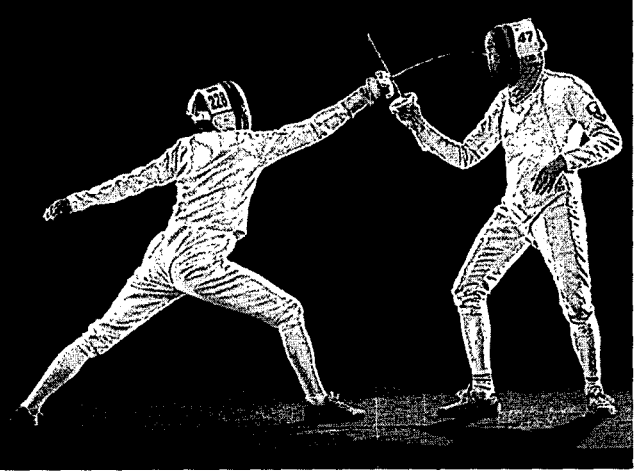
umbrage

Geography lessons. A page of statistics on Los Angeles in last month's *CJ* had several readers wondering whether we were publishing from another planet. Just to reassure, we are well aware that Santa Clara is not the seventh-largest city in Los Angeles County. A typographical error caused the letters "it" to be left out of Santa Clarita, which is indeed in Los Angeles County. The earthquakes are bad, but they're not that bad. Of course, such inadvertant mistakes are a part of journalism, and rare is the publication that doesn't make its share of them. But a recent issue of *Time* magazine apparently blazed a new journalistic trail — publishing *intentional* mistakes. In a recent cover story in which *Time* staffers traversed U.S. Highway 50, the magazine passed through Sacramento without comment and reported that the highway ended in San Francisco, "by now merged with Interstate 80." Ah, not exactly. U.S. 50 actually ends just west of Sacramento. There's even a sign to mark the western endpoint of the highway. Now, if this had just been an honest mistake, we'd have little to feel smug about, but according to *The Sacramento Bee*, *Time*'s editors apparently knew that what they were saying was wrong. "We should have stopped in Sacramento and flown home from there, but it was the draw of the water," said Michael Duffy of *Time's* Washington bureau, in explaining to *The Bee* their rationale for adding 90 miles of invisible concrete to U.S. 50. Well, heck, Mike. Why didn't you just end the highway in Monterey...or at Stinson Beach...or Big Sur...or Hearst Castle? If you're going to make fiction out of fact, why not set your story in someplace with a little less traffic, and a little more scenery?

Dry wit. It's getting increasingly difficult to find the humor in any of the "jokes" being told these days at the Capitol. For example, Senate President pro Tempore Bill Lockyer (D-Hayward) was chairing the Senate Rules Committee recently when Assembly Republican Leader Curt Pringle (R-Garden Grove) brought forth a relatively innocuous local bill. Lockyer ordered that the bill be returned to Rules after it was heard in Senate Local Government because "I intend to kill it." Lockyer went on to describe his "reasoning" — a payback for Pringle's involvement in last year's 11th-hour bid to ram through gambling regulations against Lockyer's wishes. Those kinds of "tit-for-tat" arrangements are hardly unique but talking about them out loud is unique. Lockyer's response: Hey, it was just a joke. Actually, officially Lockyer was "partially joking." The part that wasn't a joke was the part about still being mad at Pringle over the gaming regulation flap. But that part about bringing the bill back just to kill it out of vengeance ... well, you know old "Shecky" Lockyer. Guess you had to be there to get it.

Tough guy?

Bill Jones became the secretary of state in part by touting his tough-on-crime credentials, but for someone who's "standing up to the criminals," Jones' feelings seem to bruise awfully easily. Earlier this year, prospective Democratic opponent Tony Miller criticized Jones' handling of the investigation into Orange County voter fraud. When a subsequent Memorandum of Understanding between Jones and the feds appeared to incorporate some of Miller's suggestions, the Democrat sent Jones a one-page letter "congratulating" him for his change of heart. Miller's letter also said Jones' broad-brush investigation had "needlessly threatened" voters in Orange County and he owed them an apology for "this harassment." A cheap shot? Probably, but hardly bad enough to merit the ludicrously thin-skinned response from Jones. In a three-page, single-spaced letter, Jones vented his spleen on everything from Miller's 1994 political tactics to his handling of the job as assistant secretary of state under March Fong Eu. Jones' missive is littered with strident attacks (some in bold-face for "emphasis") questioning Miller's truthfulness, ethics, legal knowledge, and just about everything else except his parentage. It reads like it was written at about 3:00 a.m. by a guy who'd just gotten dumped by his girlfriend, complete with garbled sentences ("For this, you will once again answer have to the people of California."). Bill, relax. Take a deep breath. Try a decaffinated coffee. Sure it was a nasty jab, but if this is what you're like in July 1997, nobody's going to want to get near you come September 1998.



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Men behaving badly. Fifty years ago, a mysterious object crash-landed near Roswell, New Mexico, igniting a half-century of speculation about whether space aliens visited earth. Anyone looking for proof of alien possession, however, need have looked no further than a recent meeting of the Assembly Labor Committee. Assemblyman Richard Floyd (D-Wilmington) showed why his home planet must be an extremely unfriendly place when, in the space of one hearing, Floyd managed to insult women, Latinos, several of his colleages, a couple of teenagers, a mascot, and the National Pastime, not to mention exhibiting a level of crassness seldom observed outside of a Mel Brooks movie. After leering at a female spectator, whom he entreated to sit up front because "I want to keep an eye on you," Floyd unleashed a fusillade of crass attacks on Assemblyman Mike Machado (D-Stockton) and a group of teenagers that had accompanied him to testify on a bill. Machado's measure would create an exemption to allow 14- and 15-year-olds to work as baseball batboys and batgirls during the school year. Floyd called the presentation "Machado's dog-and-pony show for child abusers." He then proceded to do a little figurative child abuse of his own, berating two teenaged batboys from the Stockton Ports minor league team as well as the team's mascot, Mighty Casey. But Floyd really found himself in the soup when 18-year-old Jose Bedoya began his talk by saying he'd once played in the Mexican-American League. "Well, you've got two votes," said Floyd, referring to Latina committee colleagues Martha Escutia (D-Los Angeles) and Diane Martinez (D-Los Angeles). Escutia, incensed at what she considered a "racist" comment, called Floyd on it and left the room, visibly upset according to observers. She subsequently resigned her seat on the committee. Floyd later apologized to Escutia, but not to Machado or the witnesses he had abused. That task fell to, of all people, Martinez, who, until Floyd's return, reigned as the undisputed queen of petulant witness abuse. Please tell us that Floyd is one of "them," and that his mother ship has been repaired.

Foot in mouth disease. One might have suspected from the previous item that only Assembly Democrats were prized as subjects for alien possession. *Au contraire*! How else does one explain the willingness of Fair Political Practices Commission chair Ravi Mehta — a Pete Wilson appointee — to have himself videotaped dissing the new campaign reform law (Proposition 208), which his agency is charged with implementing and defending in court. In a mandatory ethics training session, Mehta apologized to lobbyists for the law, which he said "may be unconstitutional." Incredibly, instead of claiming he was misunderstood or taken out of context, Mehta defended his comments, saying the law, which again he is supposed to be defending in court, is confusing and "a product of inexperience." In other words, yep, that was me. What's your point? Backers of Proposition 208 called for Mehta's immediate ouster and even in defending him, Senate President pro Tempore Bill Lockyer (D-Hayward) conceded that Mehta "sometimes unnecessarily steps in it on occasion." But in this case, neither an ouster nor a resignation seem the best approach. Our suggestion: Ravi Mehta, phone home!

Let's party. At one time in the past, New York City employed an official greeter named Grover Whalen, who hailed official dignitaries when they arrived in the Big Apple. Well, Da Mayor of San Francisco has decided he needs a whole office of protocol, at a cost of $1.5 million. The San Francisco Board of Supervisors set aside that total for Mayor Willie Brown's nine-person office of protocol, justified on the grounds of the importance of the city's $5 billion tourist industry. Interestingly, only $500,000 actually goes to the office itself. The other million: A "discretionary fund" for Da Mayor himself. Now, one would think that a new city office would simply provide Brown with another job opportunity for former Assemblyman Paul Horcher, the recall victim who has become Brown's lifetime orphan child. But our first choice to head the office of protocol is Jack Davis. He's the notorious San Francisco political consultant whose recent raucous birthday party embarassed even San Francisco's sensibilities. If there's one thing Jack knows how to do, it's show people a good time.

The majority is always in the wrong.
— Mark Twain

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Betting on

Indian tribes involved with gambling have taken the offensive in their efforts to retain and expand tribal gaming. That offensive has raised the tribes' profile as high rollers in Sacramento politics.

By Bill Ainsworth

For years, Daniel Tucker's people lived on an impoverished reservation near San Diego where alcoholism was common and jobs were rare. Now, thanks to casino gambling, the Sycuan reservation is a prosperous village with new homes, a new community center and a new policy for treating alcoholics: Instead of letting them sleep it off on the street, the tribe now sends them to the Betty Ford Center. Tucker, a former tribal leader, has seen his own standard of living rise.

"I drive a '95 Mercedes-Benz and I'm proud of that," he said. "I'm living the American dream."

For the past three years, tribal leaders like Tucker have put millions of dollars into maintaining this new Native American dream. By spending $4 million on

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Bill Ainsworth is a writer and Sacramento reporter for the San Francisco Recorder.

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Politics

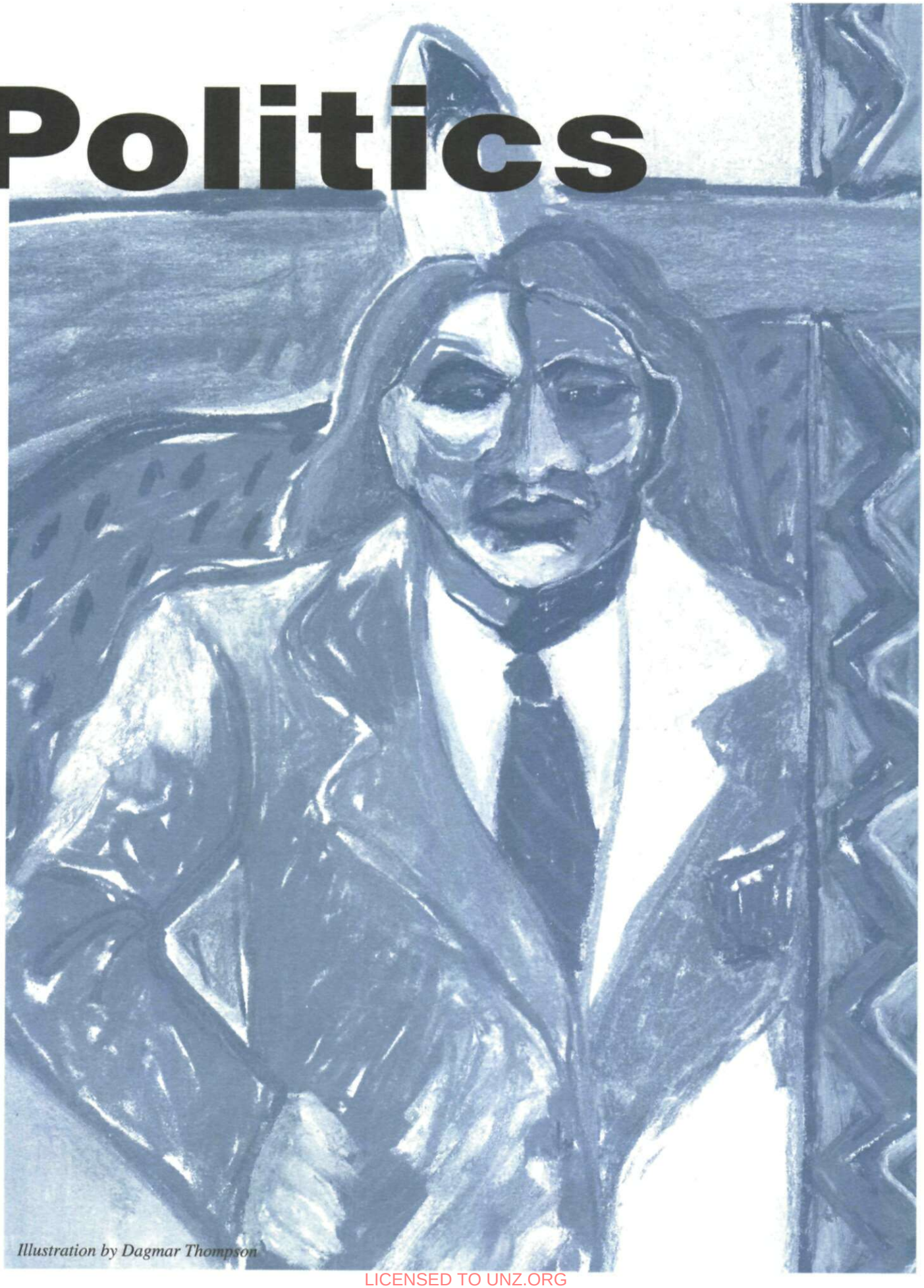

Illustration by Dagmar Thompson

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By spending $4 million on lobbying and political donations since 1994, the Indian lobby has emerged as one of the most powerful in the state.

lobbying and political donations since 1994, the Indian lobby has emerged as one of the most powerful in the state. Indians have won a large new group of political allies by donating money to lawmakers from both parties and hiring sophisticated lobbyists, lawyers and image-makers.

"We've become a force to be reckoned with," said Tucker, president of the California-Nevada Indian Gaming Association.

Of California's 104 tribes, about 45 operate or are planning some kind of gambling casino. Together, these casinos take in an estimated $2 billion. The Indians involved in gaming had no choice but to play politics in Sacramento. For the past six years, Attorney General Dan Lungren and Governor Pete Wilson have waged war on the lucrative video slot machines that are responsible for this new prosperity. Now, federal prosecutors in some parts of the state are insisting that tribes get rid of these machines.

The Indians' new political power is helping them meet this threat. In April, scores of state lawmakers signed a letter urging federal prosecutors to back off. Last year, the Indians convinced Lungren and Wilson to come to the bargaining table. Both sides hope these sessions between government and Indian lawyers will result in a peace treaty. If the talks fail, the gaming Indians can always resort to a voter initiative that would preserve their slot machines. Two tribes, the Morongo and the Rumsey, have set aside a total of $3 million for initiative drives and campaign contributions.

Even political enemies acknowledge that the Indians' rise in state politics during the past three years is remarkable.

Leo McElroy, who represents homeowners opposed to new Indian casinos, said the tribes have achieved power the American way — by spending political dollars.

"They've identified their goals," he said. "They've developed a coalition. And they've donated a major chunk of money to accomplish their goals."

The Indians' Number One goal right now is to keep prosecutors' hands off the source of much of the casino revenues — video slot machines. California's politically ambitious attorney general argues that they violate the California Constitution and produce so much unregulated revenue that they provide fertile ground for organized crime.

The Indians are loath to give up their electronic cash cows. In 1986, when Tucker's tribe was operating bingo games, each tribe member received about $3,600 a year. Then in 1990 they introduced video slot machines. Today, each tribe member earns about $48,000 a year

"We've used the money to pay for houses, a fire department, a health clinic and even an insurance company," said Tucker. "Alcoholism has been cut in half in our tribe." Other tribes have also thrived on video slot machines. Tucker estimates that some tribes earn 90 percent of their revenue from the electronic games.

California courts have ruled the games unconstitutional, but the state has found it hard to remove them because of a quirk in the law that allows only the federal government to enforce Indian gambling laws. One tool at the state's disposal is the Indian Gaming Regulatory Act, passed in 1988, which gave states some control over gambling. The act requires the tribes engaged in the most lucrative forms of gambling — slot machines and parimutuel betting — to reach an agreement with state authorities before they begin operations.

In 1990, the tribes began negotiating with the Wilson administration. At first, the talks went well: Five tribes signed compacts that paved the way for off-track horse race betting on reservations. But when the topic turned to electronic games, the negotiations bogged down. Indian attorneys argued that their video games were no different from those operated by the California Lottery. Lungren and Wilson disagreed. The administration then stopped the talks.

"The governor came to the conclusion that the tribes had jumped the gun," said Thomas Gede, a special assistant attorney general who oversees Indian gaming affairs. "He said, 'I'm not going to negotiate for something that is illegal.'"

Both sides agreed to let the courts decide what types of games were legal. They disagreed, however, over what to do in the meantime. Tribes kept adding video slot machines and building their casino empires. Between 1994 and 1996, the number of slot machines on reser-

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vations tripled, going from 4,780 to 12,100, according to the California Department of Justice.

A frustrated Lungren railed against the slot machines. But with his enforcement power taken away, there was little he could do but beseech federal prosecutors to shut down the casinos. The Indians were equally strong-willed. But they didn't just get angry at Lungren and Wilson: They tried to get even. In 1994, for the first time in the state's 144-year history Indians became a big player in state electoral politics.

"We were at war then. It was legal war," recalled Fred Hiestand, a lobbyist for Indian tribes.

Indians gave to Democratic gubernatorial candidate Kathleen Brown, and they also poured a huge sum of money — $843,000 — into the campaign of Lungren's Democratic opponent, Tom Umberg. Umberg had persuaded tribal leaders that he was far more favorable to gaming than Lungren. "Tom Umberg is a people person. We could tell that he would listen to us. We didn't try to buy him," said Margaret Dalton, chairwoman of the Jackson Rancheria, which operates a casino in the Sierra foothills.

But the donations didn't help. Lungren clobbered Umberg, while Wilson beat Brown in another landslide. Instead, the large contributions turned public opinion against the tribes and gave Lungren even more of a reason to maintain his hard-line stance against video slot machines. Three years after the election, Lungren said he remembers "every penny" the Indians spent to defeat him, and is proud to have been the gambling tribes' number one political enemy.

"The contributions didn't deter what I was trying to do," said Lungren. "You don't make friends when you're trying to enforce the law."

After betting on the wrong politicians, the gaming Indian leaders started making wiser political investments. Tribes conducted reservation tours for lawmakers, refined their political arguments and hired more lobbyists. Tucker's tribe employs four separate lobbying firms.

"We've grown up since then," said Tucker. "Now we play the whole field."

Indians also made some well-publicized donations to local cultural institutions. The Rumsey Rancheria, which operates a large casino on the western edge of the Sacramento Valley, for example, made front page news when it handed out $100,000 to the Sacramento Symphony.

Ironically, some of the credit for the Indians' political turnaround belongs to Richie Ross, the same political consultant who advised the Indians to pour money into the ill-fated Umberg campaign. Ross advises his gaming clients to stick to a simple message: Indian gambling helps tribes lift themselves out of poverty. Polls sponsored by gaming Indians, he said, have shown that Californians don't mind gambling as long as it helps long-neglected Native Americans improve their economic prospects. For the past three years, self-sufficiency has become the mantra for the leaders and the lobbyists of the Indian tribes.

"The people of California are delighted that the Indians can take care of themselves," Ross said. "They want the government to leave the Indians alone."

Of course, the tribes' new wealth depends on persuading thousands of Californians to part with their paychecks. Each day free buses bring for-

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Three years after the election, Lungren said he remembers "every penny" the Indians spent to defeat him, and is proud to have been the gambling tribes' number one political enemy.

tune-seeking city dwellers to the remote casinos.

Gaming opponent Patty Niefer says the casinos are a bad investment for California because they don't create any new wealth, they just redistribute cash.

"There's only so much money to go around and when it goes to casinos, it doesn't go to other businesses and restaurants and it doesn't go to pay people's expenses," said Niefer, who heads an anti-gambling group.

Tribal leaders ignore this inconvenient fact. Instead, they emphasize the jobs that casinos create. Earlier this year, Ross turned the Indians' message into a $1 million television advertising campaign aimed at creating warm and fuzzy feelings for gaming among Sacramento's decision-makers. Tucker and other tribal leaders have also delivered the self-sufficiency message in person by giving tours to about 50 members of the California Legislature.

To court Democrats, gaming tribes recount the sorry way that the government has treated Indians in California, where genocide was once the official policy of some counties. Senator Richard Polanco, a Latino from Los Angeles, said he sympathizes with the discrimination faced by Indians. Polanco received $34,200 in contributions from gaming Indians.

"They were abused and put in remote locations," he said. "Now they're trying to turn those locations into economic engines. We shouldn't take that away."

For Republicans, Indian leaders explain that gaming gets Native Americans off welfare. That message helped turn Republican Assemblyman Jim Battin into a gambling advocate. "There are a lot of things that Republicans and tribal governments have in common," he said. "They're entrepreneurial and they want to get government off their backs." Battin, who received $45,700 in contributions from gaming Indians in 1996, said the tribes have matured.

"They're more savvy," he said. "They've learned how to communicate with legislators from both sides of the aisle."

Indeed, last year members of the California-Nevada Indian Gaming Association showed up at both parties' national conventions to lobby prominent politicians.

In the California Legislature, the gaming Indians' new friends in both parties supported legislation to legalize slot machines. Two bills traveled far enough to demonstrate the Indians' new political strength. Acknowledging this power, Wilson and Lungren decided to come to the bargaining table. Since October, a delegation of tribal attorneys led by Howard Dickstein of Sacramento has been meeting with a government delegation led by Wilson's own attorney, Daniel Kolkey. They've been trying to hammer out a compact between the state and the Pala tribe. This agreement could then be used as a model for the state's other gaming tribes.

The agreements might impose limits on the hours of casino operations, require financial inspections or even levy a state tax on gaming revenues. Lungren, who is running for governor in 1998, may also wish to neutralize a political power that has shown it is willing to spend hundreds of thousands of dollars against him. He insists, however, that campaign contributions played no part in his decision to revive negotiations with the Indians. Instead, he said, Indian lawyers have become more realistic after a state Supreme Court ruling last year that limited Indian gaming.

Even if they do lose their valuable slot machines, however, gambling tribes are determined to continue their expensive investments in state and national politics. One local casino manager, Dalton of the Jackson Rancheria, acknowledges that lobbying politicians is now one of her most important duties.

"I hate politics," she said. "But I have to get involved in politics, if I'm going to be able to keep running my tribe's business."

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Southern Exposure

perspective

by Sherry Bebitch Jeffe

The decline of regionalism

For years the government reform mantra was "regionalism, regionalism, regionalism." Problems of air quality, water supply and traffic congestion could not be solved locally, reformers argued — particularly in sprawling, smoggy, thirsty Southern California.

Today, large institutions are viewed derisively — as intrusive and bureaucratic. Civic leaders tout "local control" and "accountability." That rhetoric continues to fuel the San Fernando Valley secession movement (and repeated legislative attempts to ease the way for the Valley to secede from the City of Los Angeles); it's spawned drives by various communities to break away from the Los Angeles Unified School District. In fact, Los Angeles Mayor Richard Riordan launched his second term reiterating his support for dismantling the nation's second largest school system.

But the most worrisome threat to regionalism can be seen in the travails of the agencies which must deal with two of the Southland's most pressing — and interconnected — problems: air pollution and transportation.

Much has been written of the morass that is the Metropolitan Transit Authority (see "The MTA: Los Angeles' Transit Nightmare," *CJ*, July, 1997). There is general agreement that MTA, the agency responsible for Los Angeles County's massive transit system, is dysfunctional. Part of that dysfunction has to do with the size and complexity of the area MTA serves. Part has to do with the agency's ongoing mismanagement and money troubles. And part has to do with a governing board beset by conflicts among members representing several layers of government, riddled by ideological antagonisms, ethnic divisions, geographical factionalism and by pure, old-fashioned greed and interest group politics.

San Fernando Valley business and political leaders, angered by the MTA's attempt to push back the start date of an east-west Valley rail line, have called for state legislation to create the Valley's own transit authority, which would control its own pot of money and negotiate separately with other regional agencies on cross-boundary projects. Meanwhile, the Legislature's black caucus threatened to block a state loan for a downtown Los Angeles-to-Pasadena rail line unless the MTA made a "real financial commitment" to improving transit in L.A. County's African-American community.

It is not only the Southland's approach to solving transportation problems which appears to be unraveling. The turmoil in another beleaguered agency sounds another warning bell regarding the future of regional governance.

The South Coast Air Quality Management District (AQMD) is the world's largest and most powerful local air-pollution control agency; it wields the kind of regulatory power which is usually exercised by state governments. AQMD encompasses a far larger and an even more diverse geographical area than does MTA; it is forced to confront policy decisions as daunting, complex and politically dicey as those faced by the transit authority. (Despite significant strides in cleaning up air pollution, the South Coast Basin still has the worst smog problems in the nation. And the Southland's addiction to cars, unrelieved by MTA's problems, doesn't help.)

Like the MTA, the AQMD is governed by an unwieldy board, whose members are each subject to a different master; they represent city-and county-level governments in Los Angeles, Orange, San Bernardino and Riverside counties and the Assembly, Senate and governor on the state level. Because the board's appointing power is so diffuse, there is, said one observer, "no real accountability ... The public doesn't know who it is to hold responsibility."

Both AQMD and MTA have been hobbled by staffing problems. Neither agency appears close to finding management which can overcome political, ideological and economic tensions and move toward the broader policy goals of a diverse region.

The recent battle over contract renewal for AQMD's executive director, James M. Lents, and other top managers laid bare the pressures which continue to thwart the agency's ability to guarantee compliance with the increasingly tight pollution standards mandated by federal law.

The AQMD has been under the gun from Sacramento to ease up on regulations deemed "oppressive" to business. Republican leaders and some ethnic minority Democrats in the state Legislature have been pushing hard on the district to put jobs ahead of what some perceive as the staff's "environmental elitism."

Conservatives on the board aligned against Lents, who steered AQMD for 10 years of the agency's 20-year existence. Observers said these opponents viewed Lents, *Los Angeles Times* environmental writer Maria Cone reported, "as an over-regulating zealot who is damaging the local economy." Board conservatives were joined by two of its minority members to block Lents' contract renewal. (Interestingly, Lents' support came heavily from members representing Riverside and San Bernardino counties — hardest hit by smog.)

Regardless of how the issue of staff leadership is resolved, the resultant tug-of-war will likely leave the AQMD in disarray. If board members deadlock on choosing an executive officer, Cone wrote, "how will they agree on what direction to head in battling air pollution?"

And, as the AQMD — after many years as a largely Anglo preserve — becomes more reflective of the Basin's diverse population and agendas multiply, achieving consensus on hard issues will be even more difficult.

What do the troubles of the MTA and AQMD tell us about governance? One, structure impacts function. Two, money is the mother's milk of policy. Three, in the name of regionalism, both agencies have institutionalized the conflicts which stem from political, governmental and geographical divisions. In a metropolitan area already balkanized socio-economically and ethnically, that makes truly effective regional cooperation near to impossible.

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The HMO

More than 14 million Californians receive their health care through health maintenance organizations, and dissatisfaction with the results is growing. The response from government: lots of bills and a task force to study HMOs, but no systematic reform on the horizon.

By Sigrid Bathen

If money is a measure of the stakes in California's burgeoning managed-care system — as it usually is in political matters of any significance — then the victory party on Election Night last November to celebrate the demise of two consumer-backed health care initiatives was surely a defining moment in the health-care wars.

After spending at least $7.5 million to defeat Propositions 214 and 216, the opponents gathered early — well before the polls closed — to mark their widely predicted victory. The early evening scene on the 15th floor of the plush Renaissance Tower office building in downtown Sacramento — which houses several health care interest groups — was almost surreal, a telling measure of the special-interest clout brought to bear in the well-oiled opposition campaign by an influential and expertly organized coalition of health care, insurance and business groups.

Just past the entry to the lavish catered victory party were mounds of caviar, buckets of shrimp and elegant canapes artfully displayed on tiers of glass shelves. Nibbling away was a veritable army of health care executives rubbing shoulders with political and public relations consultants, lawyers and legislators. Well-paid public relations firms dispatched friendly staffers to minister to the reporters who wandered in, barely able to take in the scene before being offered all variety of story-gathering assistance by one charming, smiling flack after another.

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Wars

Illustration by Anthony Strom

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If one tired of mere appetizers, there was a full buffet and a large, circular, very open (as in free) bar. If one tired of the panoramic views from the 15th floor windows ringing the room, one could watch the panoply of wide-screen TVs with dizzying, multiple images of NBC's Tom Brokaw chronicling the early — very early in California — returns. Or segue into the adjoining room — this one devoted to the corollary, and wildly more expensive ($35-$50 million) campaign to defeat the so-called "frivolous lawsuit" initiative, Proposition 211. Lined with more wide-screen TVs displaying more multiple Brokaws, a bank of phones and computers, the second room was dominated by a towering floral centerpiece cascading over a tiered table containing a vast collection of delectable chocolate confections, each in its own paper holder.

Whatever its moral worth, it had to be the fanciest set of parties on that election night in the state capital — and a harbinger of the legislative and public relations wars to follow in the current legislative session, where at least 70 different pieces of legislation affecting managed care are grinding through the process.

A measure of the huge stakes in the debate over managed care may be seen in the list of contributors to the "no" campaign against 214 and 216 — a list which reads like a Who's Who of the health-care industry. Although it is a non-profit in a sea of "for-profit" brethren, Kaiser Permanente alone gave $800,000, and other big HMOs and insurers contributed huge sums — six-figure checks from Foundation Health Plan, Pacificare, Health Net, Foundation Health, Prudential, Aetna Life & Casualty, to name a few of the heavy hitters, poured into the coffers of the opposition campaign. Backers, principally the California Nurses Association for 216 and the Service Employees International Union for 214, spent a relatively paltry $2 million to promote two initiatives, which ended up dueling each other because the two powerful unions could not agree on one measure. They are now working together on legislation — or at least keeping their disagreements quiet.

Combined with the huge salaries often paid to the chief executives of the big health maintenance organizations, the sheer volume and amount of contributions to the anti-initiative campaign raised a persistent, nagging question among critics of the giant managed care organizations: With all that money floating around the industry, why is patient care sometimes so bad?

"I'm not one to say that regulation is the key to everything," says Mark Hiepler, an Oxnard attorney who has won major jury verdicts and settlements for HMO patients and is a member of the Managed Health Care Improvement task force established by legislation (AB 2343 by Assemblyman Bernie Richter, R-Chico) last year. "But there must be fair and understandable disclosure. HMOs are now very secretive organizations. The consumers who make them the billion-dollar industries that they are have a right to know where that money is going, what they are really getting and how the physicians are paid.

"We go back to the fundamental ingredient," he adds, echoing the complaints of physicians and patients disgusted with the widely reported abuses of managed care, "which is the doctor-patient relationship. What has to happen is to put that relationship back on track, not drive a barrier between the two. The patient has to be brought back into the formula, because patients are losing trust. When the doctor is owned by and responsible to a third party, the patient can't possibly be at the same interest level."

The 34-year-old Hiepler, who is in practice with his wife, Michelle, has been the subject of a cover story in *Time* as well as major articles in the *Los Angeles Times, California Medicine, California Lawyer,* and many other publications. He has handled some 140 cases against HMOs, but his journey through the legal minefield of the health care industry started on a painfully personal level. His sister, Nelene Fox of Temecula in Riverside County, died in 1993 after her HMO, Health Net, denied a bone marrow transplant for metastasized breast cancer. He gained national attention after a trial in which two women — a Health Net executive and a San Francisco physician — testified that they had been granted the same treatment Fox had been denied. Hiepler won an $89 million verdict (the HMO appealed, and the case was settled for an undisclosed, but still reportedly very substantial, sum).

"They tried to deny her treatment, to send her to places where they wouldn't treat her," said Hiepler. "At the same time, they paid for a physician in San Francisco to have this procedure, and for an executive of the company. The procedure greatly extended their lives by four or five years, and they both testified for my sister." After an exhausting personal fund-raising effort, Fox finally paid for and received her bone marrow transplant. Still, she died in April 1993 at age 40, seven months after her transplant and eight months before the jury awarded her family $12 million in compensatory and $77 million in punitive damages. The two women who testified at the trial have since died, but enjoyed several years of good health, their cancer in remission.

Hiepler made subsequent headlines in the case of Joyce Ching, an Agoura, California, woman who went to her doctor complaining of abdominal pain and rectal bleeding. Despite her repeated requests, she was not referred to a specialist for three months, and was finally diagnosed with colon cancer. She died in 1994 at age 34. Hiepler sued her two Simi Valley doc-

I'm not one to say that regulation is the key to everything ... but there must be fair and understandable disclosure. — Mark Hiepler, Attorney and HMO Critic

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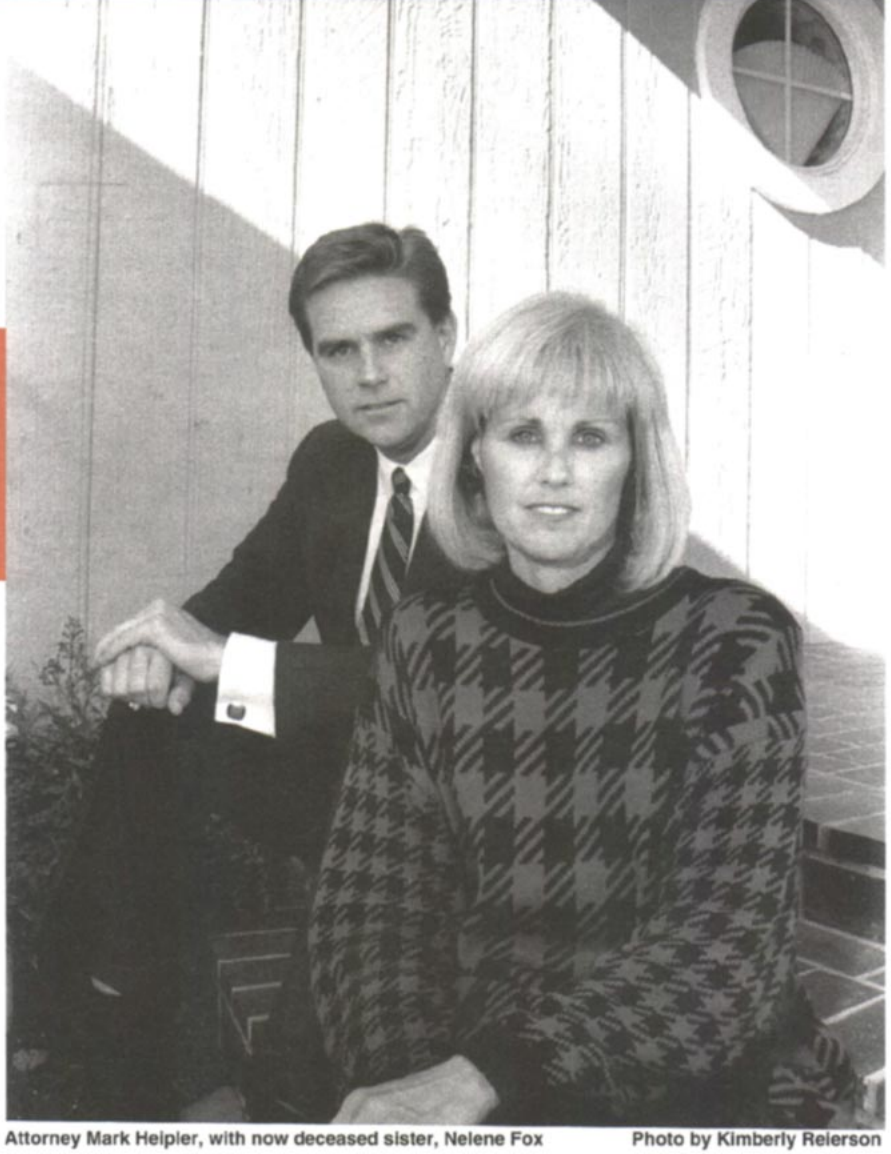

Attorney Mark Heipler, with now deceased sister, Nelene Fox Photo by Kimberly Reierson

tors in a strike at the very heart of managed care — the HMO's financial incentives for doctors to stay within the reimbursement limits (known as "caps" or capitation in the industry), which critics say encourage or force doctors to delay care and avoid expensive tests and specialist referrals. A Ventura County jury awarded Ching's family $3 million in damages against the doctors, reduced to some $700,000 by California's legal limitations on malpractice awards.

But what may become Hiepler's most shocking and legally groundbreaking case is the ordeal of Leonard and Dana Wallock of Santa Barbara and their 1-year-old twin boys. Hiepler filed suit May 27 against the Wallock's HMO, PacifiCare Health Systems and Monarch Medical Alliance, and two of Monarch's physician medical directors. Using an unusual legal tactic based on a seven-year-old California statute. Hiepler is, among other things, alleging the HMO subjected the family to torture when it refused home health care for Dana Wallock, who was sent home with complications from the birth which included an open Caesarean wound, and for one of the twins, who was born with major heart defects and required round-the-clock care. The twin, Daniel, was sent home over the objections of his pediatrician.

"We were terrified and panicking," Leonard Wallock, an administrator at University of California at Santa Barbara, told the *Los Angeles Times*. "It nearly bankrupted us, and it exhausted us," said Dana Wallock. To compound their plight, the couple had already suffered the death of a child, 5-month-old Rachel, in 1995, from a neurological disorder.

"They were literally forced to go out and find people changing shifts [at hospitals] and hire them to get some kind of nursing care in the home, just to sleep for an hour or two," says Hiepler. "They were worried constantly about the child dying." In January, he said, "about six months too late," PacifiCare began paying for some home health care. A year after his birth, Daniel's condition is somewhat stabilized, Hiepler says, although he faces major heart surgery, has undergone "all kinds of gastric surgeries" that might have been avoided with proper skilled care, and is nourished through a gastric tube that will remain in place indefinitely. "It was very short sighted," says Hiepler of the home health care denial. "In the end, [home care] would have saved the company a lot of money."

Monarch declined comment on the suit, but a PacifiCare spokeswoman told the Times that the family received "appropriate care" from its medical group.

The people who represent HMOs say such "horror stories" gain attention in part because of the HMOs' inability to comment. Maureen O'Haren, principal lobbyist for the California Association of Health Plans, says in many cases, privacy restrictions keep HMOs from defending themselves in the court of public opinion. "The plan cannot comment because of patient confidentiality." But HMOs also maintain some of the complaints come from a lack of understanding about how their function differs from the more traditional fee-for-service approach.

"People go into HMOs for economic reasons — low-cost sharing, low co-payments," said O'Haren. "But they [patients] expect the same sort of freedom and uncontrolled service that they got with expensive fee-for-service plans. They don't understand that the reason we are able to do that is because we weed out wasteful care."

At 30 members, the Managed Health Care Improvement task force is large, some say unwieldy. It is headed by Dr. Alain C. Enthoven, an economist and health care expert who is widely described as the "father of managed care." A former vice president of Litton Industries, he was an assistant secretary of defense under President Lyndon Johnson and has served on a variety of prestigious advisory groups on employee benefits and health care and is chairman of the Health Benefits Advisory Council for the California Public Employees Retirement System. Executive Director Phil Romero is a former Rand Corporation economist who is chief economist for Governor Pete Wilson.

"Thus far we have identified three big clusters of issues," says Romero. "One is how government should be

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organized to oversee managed care, and two is choice — how can we encourage a wider range of choice to a wider number of consumers? The third is information: Price and cost are relied upon excessively. Quality-of-care information should be more readily available."

Participants in the task force include a wide range of representatives of the health care industry, from HMO executives to consumer groups. There are expected to be some significant disagreements among its members, and the task force will probably issue majority and minority reports. A major stumbling block in passage of key HMO regulatory legislation this session is the fact that the task force won't issue its final report until next January.

Several HMO-related bills before the Legislature deal with perhaps the most vexing organizational quagmire facing the task force: which government agency should regulate the industry? Since the mid-1970s, HMOs have been regulated — or left largely alone, as many critics argue — by the state Department of Corporations, which inherited HMO regulations in a political snafu because the state Department of Health (now Health Services) was in chaos, under investigation by other government agencies and the news media for a variety of bureaucratic nightmares. Controversies included a long series of "suspicious deaths" in state hospitals and alleged mismanagement of "prepaid health plans," the precursors to HMOs. California is the only state in the country where HMO regulation is not handled by an insurance or health department, or some combination of the two. The California Insurance and Health Services departments have some responsibility in HMO regulation, depending on the plan, but Corporations is the principal regulatory agency.

"The current pattern of organizational responsibility is a fragmented patchwork which has evolved almost accidentally," the California Medical Association, often at odds with HMOs, concluded in a policy statement on HMO regulation. "A rationale for organizational consistency is simply nonexistent."

Governor Wilson's choice to head the Department of Corporations, lawyer Keith Paul Bishop, in June faced a contentious and nearly unsuccessful confirmation battle in the Senate Rules Committee, where Senate President Pro Tempore Bill Lockyer (D-Hayward) held out for beefed-up enforcement measures from the governor and Bishop endured hours of grilling by senators over the agency's regulatory record. In the end, although Wilson says he planned to improve the enforcement budget anyway, Lockyer in effect forced the governor to allocate additional money in the budget to improve enforcement — and allowed Bishop to be confirmed, despite intense opposition from many consumer groups and the California Nurses Association. Saying he has made improvements in the agency's oversight of HMOs, the CMA did not oppose Bishop's confirmation. "I'm always amazed that they do as much as they do with as little as they have," said CMA lobbyist Carol Lee.

Bishop's toughest grilling came, not from members of Senate Rules, but from Senator Herschel Rosenthal (D-San Fernando Valley), author of legislation to transfer HMO regulation out of Corporations to a new HMO board in

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the state Department of Consumer Affairs. "Consumer protection is an afterthought for DOC," says Rosenthal. "Its primary concern appears to be protecting the financial health of the corporations it regulates, including HMOs."

Sean Walsh, principal spokesman for Governor Wilson, scoffs at the notion that a beefed-up DOC cannot do the job of regulating the HMOs — but says the governor recognizes the need to reform some aspects of HMO regulation. "There are areas that need to be addressed," he said. "These are enormously complicated issues. Our hope is that we will have through our task force a kind of defining of the key issues and some parameters for the way health care is dealt with in this state. We need to get our arms around the sundry issues facing health care in the state and apply some of our understanding of these issues to the sundry bills that are floating around."

Walsh said Wilson is "very, very leery" of approving bills on HMO regulation — which address everything from the telephone waiting time on "hold" to the responsibility of HMOs to pay for contraceptives — without some systematic, big-picture review. "If we're not careful we could end up passing bills that are bad bills."

For its part, the HMO industry is being selective about which bills it supports. It concedes it needs to do a better job of communicating with patients, and its representatives insist they are working with legislators and are backing some of the legislation. They are, however, opposed to Rosenthal's proposed board, as well as other measures to put regulatory responsibility in the hands of the elected state insurance commissioner.

"Any regulatory agency should be headed by an appointed executive, not an elected official, and not a politically appointed board," said O'Haren.

Nobody on any side of the HMO debate believes the current, scattershot approach to HMO reform is the best way. But critics argue that the more egregious abuses of the HMOs demand more immediate attention than a year-long, 30-member task force review can offer.

"This is a piecemeal approach and we support it because that is all that's out there," says Jill Furrillo, a registered nurse and lobbyist for the California Nurses Association. "We're happy to see that many of the provisions of our initiative are included in a lot of the bills, and that those bills are sailing through, often with bipartisan support. Patients started speaking up, and legislators are starting to feel the heat."

Consumer groups say the major stumbling block to comprehensive reform is the huge influence of campaign contributions to the governor and legislators. "The HMO industry and their brethren, from hospitals to pharmaceuticals to drug distribution and medical distributors, are an obscenely powerful lobby," says CNA spokesman Charles Idelson. "One of the most unfortunate aspects of this Byzantine process is that we're forced to repair a dam that is breaking by putting fingers in the dike. Piecemeal legislation is not the best way to repair a system run amok, but the strongest approaches run into withering opposition."

Beth Cappell of Health Access, a coalition of consumer and health care groups, including the SEIU, which sponsored a package of bills called the "Patient Bill of Rights," said a coherent legislative approach aims to "right the balance" between consumers and their health plans. "A million dollars is a rounding error to these guys [HMO executives]," she says. "A lot of the things that policy wonks find ridiculous, like the right to get a phone call answered in less than five minutes so a working person can actually get through, are important to patients. There is the right not to have a doctor contract terminated [by an HMO], not to be sent home before you or your family are able to care for you, the right to a second opinion. These are pretty basic. Frankly, no one would stay in a hotel where they had to wait 45 minutes on hold to get through to the front desk. A well-run business wouldn't let it get to this point."

Although much of the health care debate has focused on consumers angered by what they perceive as shoddy, unresponsive care, perhaps the most intense — and often hushed — debate occurs among physicians, most of whom recognize that managed care is here to stay. Many are deeply troubled by what they see as devastating inroads by the demands of managed care on the sacred doctor-patient relationship. Reliable statistics are hard to come by, but anecdotal reports indicate that some doctors are opting to leave their California practices — or medicine altogether. In a study last fall of "doctor burnout" by the Sacramento-El Dorado Medical Society, those factors identified as most responsible for increasing levels of burnout were the lack of physician autonomy and managed care.

"There is a lot of criticism of the old fee-for-service days, and a lot of that is just," says Bill Sandberg, the society's executive director. "They cannot control their style of practice, as they were trained to do, and a great many of them get burnout, think of second careers, transition from a clinical to a manage-

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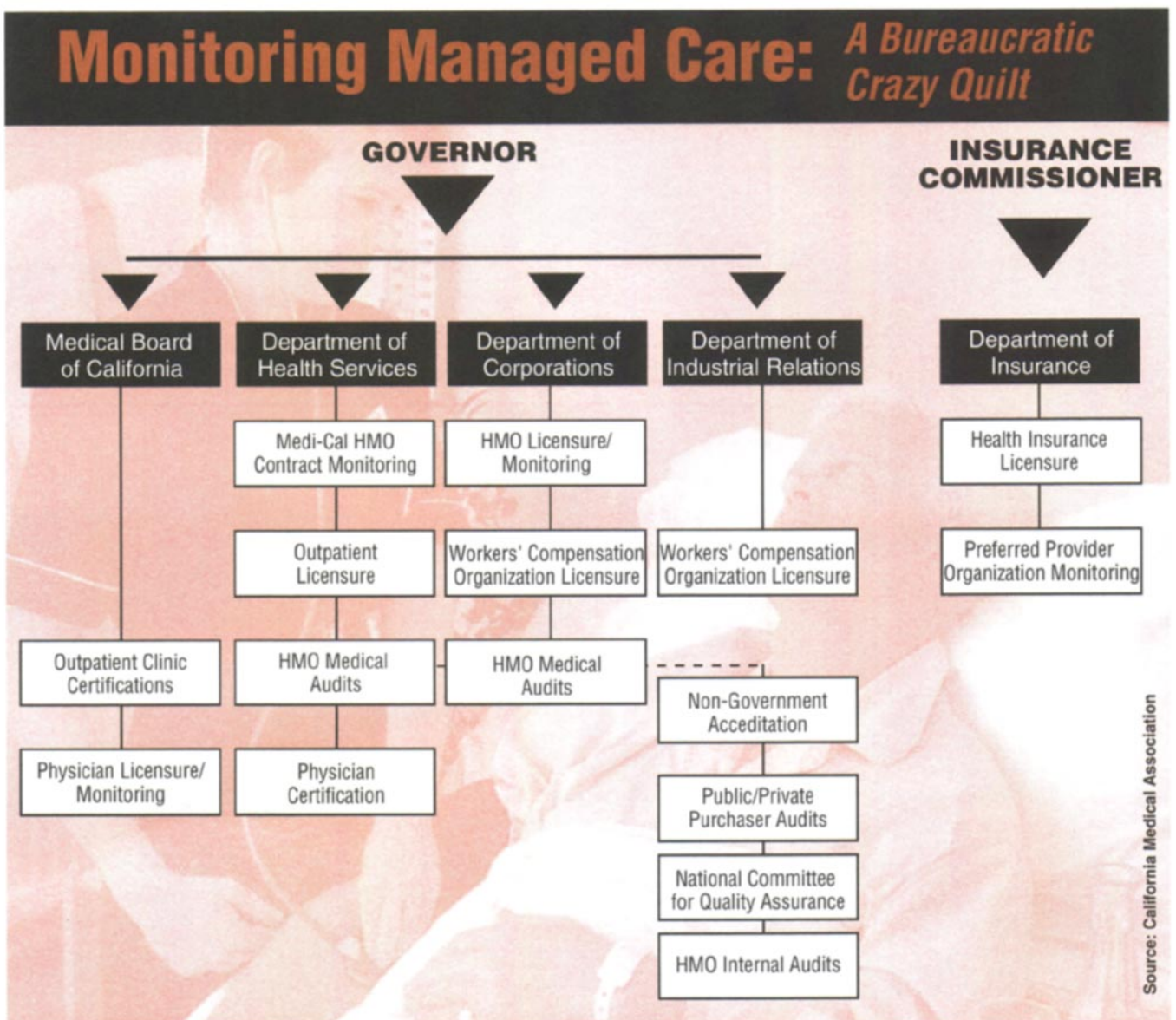
ment position, or go to work for the state or county, perhaps a correctional system. Many have been caught up in contractual disputes [with HMOs and/or medical groups that contract with HMOs] that have reduced their access to patients and have significantly reduced their income."

Dr. Jerome Lackner, former state health director now in private practice in Sacramento, specializes in treating alcoholics and drug addicts. At 70, he works long hours with often difficult patients, many of whom cannot afford to pay him. He treats them anyway, lives frugally, drives a 12-year-old car. An attorney as well as a doctor, he supports the concept of controlling spiraling medical costs, but like many physicians who prefer one-on-one patient care to administration or management, he is troubled by the HMOs' heavy reliance on "fiscal incentives."

"The old fiscal incentive was fee-for-service," he says. "That produced an aberrational system — inappropriate procedures, too many of them. The prepaid fiscal incentive [of managed care] is to underutilize. It is much easier to measure over-utilization than under-utilization. In over-utilization, the doctor has to bill for everything he does. If I gave everybody an EKG and a penicillin shot every time they came in, I'd stick out like a sore thumb on the computer. Under-utilization is much more subtle. There are no valid measurements for under-utilization."

While Lackner's physician lifestyle may not be typical, O'Haren insists the bottom-line issue for most physicians who oppose managed care is income. They are upset, she says, "mostly because their incomes are declining." As an example, she cited a nameless physician who is reportedly selling Amway products on the side because his annual income declined from $400,000 to $300,000 under managed care. "Are their incomes going down? Yes. Market forces are working. Before, doctors controlled all the information. They could do what they wanted, as many tests as they wanted. Most people can't set their own salaries, much as we might like to."

Ultimately, critics and advocates of managed care say many of the problems identified with HMOs are a function of their dramatic increase in prominence, forever changing the way health care is delivered in this country. "There has been a massive and very quick change in the health care delivery system," said O'Haren. "And HMOs are under siege."



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Rostrum letters

Disappearing farmlands

Your article on how development pressures affect California's vital farmlands (see *CJ,* May 1997) was timely and informative. Contrary to the story's assertion, however, both the Williamson Act and the new Agricultural Land Stewardship Program (ALSP) are and will continue to be crucial to the task of farmland protection. Half of California's 30 million acres of farm and ranch land is enrolled in the Williamson Act, which provides tax incentives that help landowners resist the economic lure of suburban development through the implementation of 10-year contracts. Acreage protected under the Williamson Act has remained stable since peaking in 1982. Nevertheless, the act was never intended to be a permanent development blocker; rather, it is a planning tool that local land use officials continue to use to discourage premature or leap-frog development.

To supplement and build upon the act's success, Governor Pete Wilson, the Legislature, and the federal government have acted through the ALSP (SB 275) to permanently safeguard vital agricultural land. The suggestion that the ALSF is ineffective is unfair given that the program is in its first year and that, only last month, the first ALSP awards were announced. These first four proposed projects, funded through a combination of private, local, state and federal funds, will protect in perpetuity more than 1,000 acres of farmland in three counties where development pressures are at an all-time high. Furthermore, since the funding comes in response to locally developed proposals, the program has a lasting effect by stimulating local agricultural land conservation interest.

Local land use officials should neither encourage growth willy-nilly and pave over vital agricultural lands, nor should they simply block all growth and pretend that those who come to their regions to live and work will simply go away. Rather, local officials must work with the state to ensure that Californians manage and direct our growth in ways that both encourage farm and non-farm economic development and protect our vital agricultural and environmental attributes.

LAWRENCE J. GOLDZBAND
Director
California Department of Conservation

The Delta

Regarding your article on restoring the Sacramento Delta (see *CJ,* May 1997) the "box" entitled "CALFED at a Glance" lists "In-Delta Agriculture" as a stakeholder. The article describes these stakeholders as "farmers who till the land in and around the Delta itself. More family farm oriented than Central Valley agriculture. Bitterly oppose any type of off-Delta facility (i.e. a peripheral canal)." Among the examples, you list the Delta Protection Commission. The Delta Protection Commission has taken no position on any alternative now under consideration by CALFED. It is a disservice to the dedicated and thoughtful members of the Commission to assume a position before the Commission engages in a thorough consideration of the proposals.

PATRICK McCARTY
Chairman
Delta Protection Commission

The statement is made in your article "Restoring the Delta" that last year's Proposition 204, at nearly $1 billion, was the largest water bond in the state's history. In November 1960, the voters approved the Burns-Porter Act which provided for a bond issue of $1.75 billion. This provided the basic funding for the State Water Project. Your readers should also be advised that these bonds are almost entirely being repaid by those who are using the water made available from that project.

ARNOLD RUMMELSBURG
Bakersfield

School authority

Your otherwise superb article about the four-way division of responsibility for governance of California's public schools among the state school board, the superintendent of instruction, the governor and the Legislature (see *CJ,* June 1997) touched only briefly on the real issue — that responsibility for K-12 schools is divided between four layers of government: federal, state, county, and district. This Byzantine system of governance not only guarantees bureaucratic gridlock and absorbs an enormous percentage of all educational tax dollars into overhead and administration, but it also makes expenditures extremely difficult to track. In California, when officials of the state Department of Education are asked in public forums what our per-student spending is, they quote state spending only, leaving out federal, county and district expenditures, thus understating true per-student expenditures by about 30 percent. This has led many voters to accept explanations of "cutbacks" and "cash-starved" public schools, when, in fact, with the new class-size reduction money, we are now at an all-time record high in constant dollars for per-student public school expenditures.

ALAN BONSTEEL, M.D.
San Francisco

Class size

In your article "Doing more with less," (*CJ,* June, 1997), you refer to class-size reduction as truly the "accidental reform." The best kept secret is the legislation that made class-size reduction possible. In 1988, the voters passed the Classroom Instructional Improvement and Accountability Act or Proposition 98. Proposition 98 provided for a guaranteed funding level in the state budget for grades kindergarten through community colleges. In the years when revenues were down, this provision stopped the practice of balancing the budget on the backs of young people.

At the heart of Proposition 98 is the

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provision that when the state has a surplus of funds, those surplus dollars must be used for schools and the reduction of class size. Last year's May revise had a surplus for the first time since 1988. Governor Wilson may have mockingly suggested that the California Teachers Association ad campaign motivated him to lower class size; it was, in fact, CTA's Proposition 98 that made it possible to reduce class size in the primary grades this school year.

The education community has always understood and embraced the importance of lower class size and ... Proposition 98 gave education the highest priority in the state budget as written in the state constitution. Let us not confuse political pomposity with historic truth.

ED FOGLIA
Former President,
California Teachers Association
San Jose

Smoking ads

So the anti-smoking ads are wonderful, according to S. Kimberly Belshe, director of the Department of Health Services (see "Rostrum," *CJ,* June 1997). One of them shows a woman who puffs smoke through a sickness-caused hole in her throat and doesn't have the sense to stop smoking. Another shows smoke wafting over a child and implies that secondhand smoke is a major cause of sudden infant death syndrome (SIDS). A totally misleading impression. Is it one in a million? As an intelligent member of the public, I'm insulted. I would bet that if our state government had to conform to truth-in-advertising, these ads would either be severely edited or be accompanied by a screenful of explanatory disclaimers. Shouldn't these ads be subject to truth-in-advertising laws?

CARL OLSON
Woodland Hills

District dissent

It is the worst of times in the Bellflower Unified School District, and your article ("A Tale of Two Districts," *CJ,* June, 1997) was nothing more than a P.R. document for the district's administration. I am a teacher at Mayfair High and Middle School, and I can say unconditionally that truancy is the worst it has ever been. Discipline is at an all-time low. The union is in a bitter fight with the district over unfair dismissals and attempts to take away a teacher's right to binding arbitration. The facilities are cockroach-infested and the bathrooms filthy and broken.

Members of the board certainly do not talk to teachers. In fact, they avoid teachers. As for higher standards, the school has faced three years of attempts to water down the curriculum. In many classrooms, homework is a rarity or unheard of. Discipline is completely shot. Students are hanging on the door jambs, and the noise in some rooms causes other teachers to have to close their doors in 95 degree temperatures.

Each teacher who read the article commented that they have very poor attendance in their own particular classes. For me, I have never seen such high absence rates before, nor such high failure rates. I am sure the superintendent, board and principal carefully chose the people with whom you spoke. You could not have visited a more divided campus than Mayfair anywhere in Southern California.

LINDA BROWN
Teacher, Mayfair High and
Middle School

It was with great dismay and fear that I read the article "A Tale of Two Districts." The names and dates were correct, but very little else was. The Bellflower Education Association, our teachers' union, is not at all happy with our contract, principally because the district administration under Dr. Rebecca Turrentine's tenure has repeatedly ignored its terms, illegally firing quite a long list of well-qualified teachers for political reasons. When the BEA [filed grievances], the district blatantly ignored the decisions of neutral arbitrators. The result has been a long series of litigations. The large majority of these litigations are eventually ruled in favor of the association, but the district continues the same damaging, expensive, and ineffective practice again and again.

Our school board is quite the opposite of "activist." Rarely is a board member to be seen chatting with a teacher. In fact, they rather seem to make it a practice to ignore us. Many would agree that this board, enamored of Dr. Turrentine's personal charm, is merely rubber-stamping her decisions instead of doing the work and independent thinking required to fulfill the responsibilities of their office in overseeing the management of the district. Teamwork, although once a guiding light in this district, is almost nonexistent under the current board and administration. We are educated and experienced professionals and have therefore found it very difficult to work effectively in the retrogressive, top-down management style that now exists.

Dr. Turrentine absolutely does not make it a practice to visit each month and every classroom in the district once every quarter. Ask the teachers. I did at my school and found that the large majority saw her once or twice at most this last school year. The level of student attention at Mayfair High is at best average, and is diminished from there by a constant barrage of distractions and disruptions. Parking lots are absolutely not swept daily, very probably not even annually. Peeling paint certainly is allowed. The litter on campus is terrible, particularly after snack and lunch breaks. And students do not plant nor maintain the flower beds. The custodians do all that work and are always noticeably busier when prominent guests are about to arrive.

The article cites an incredible 98 percent attendance rate. But this does not include all the students not in school who managed to produce some sort of "legitimate" excuse for not being there? I've personally kept records of actual student attendance in my classes in recent years and find that it to be 90, not 98 percent. We have indeed doubled the number of students in college prep classes in recent years, but the fact is that few other classes are offered. Much needed remedial and alternative classes for those not college bound have been eliminated. And the teachers of the college-prep classes who resist lowering standards to meet the needs of this huge new influx of ill-prepared or ill-suited students find themselves chastised by administration for giving lower grades.

Your report was unfair and misleading, and hinders greatly those who wish to know the truth as a beginning step in solving the complicated problems facing California school districts today.

There is a valuable lesson to be learned from the Bellflower Unified School District, but it is not at all the one you have offered to the public.

MICHAEL SAVEE
Teacher, Mayfair High School
Board of Directors, Bellflower
Education Association

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A MESSAGE FOR GOVERNOR WILSON

No Governor Has Ever Done More To Prevent Unintended Pregnancies

Women and Families Benefit

More than half of all pregnancies in California are unintended, and four million California women are at risk. **Lack of affordable contraception is one of the most significant health care problems facing women today.** Contraception, however, is the only FDA-approved prescription benefit that is regularly excluded from insurance plans. The fact is, **women pay 68% more than men in out-of-pocket expenses for health care**, and reproductive health care services account for much of the difference. While 97% of large group insurance plans have prescription benefit packages, 67% exclude contraception from those packages.

You provided for contraception in HIPC

You expanded Medi-Cal contraception services

You created the Family Pact

Complete the Legacy

Business Benefits Too

Businesses are paying the price for unintended pregnancy. Employers report that costs related to pregnancy and childbirth make up the single largest component of health care costs. Prenatal care, labor and delivery costs total more than $4,700 when mothers and infants are healthy. And it doesn't stop there. Once a baby is born, the average cumulative mother and infant cost one year after birth is just under $10,000 for infants born at full term. **Compare those numbers to the $1.25 per member per month cost of providing contraceptive coverage.**

Sign AB 160

Contraceptive coverage represents an opportunity for employers to reduce health care costs while promoting personal responsibility and healthy families. AB 160 (Hertzberg) ensures that every health plan that provides coverage for prescription drugs includes contraceptive drugs.

AB 160 is supported by the following organizations:

American Academy of Pediatrics
American Association of University Women
American College of Obstetricians and Gynecologists, CA
American Jewish Congress, Pacific Southwest Region
California Academy of Family Physicians
California Commission on the Status of Women
California Family Planning Council
California Federation of Business and Professional Women
California Medical Association
California National Organization for Women
California Nurse-Midwives Association
California Nurses Association
California Pharmacists Association
California Women Lawyers
Californians for Population Stabilization
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Pacific Institute for Women's Health
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Zero Population Growth

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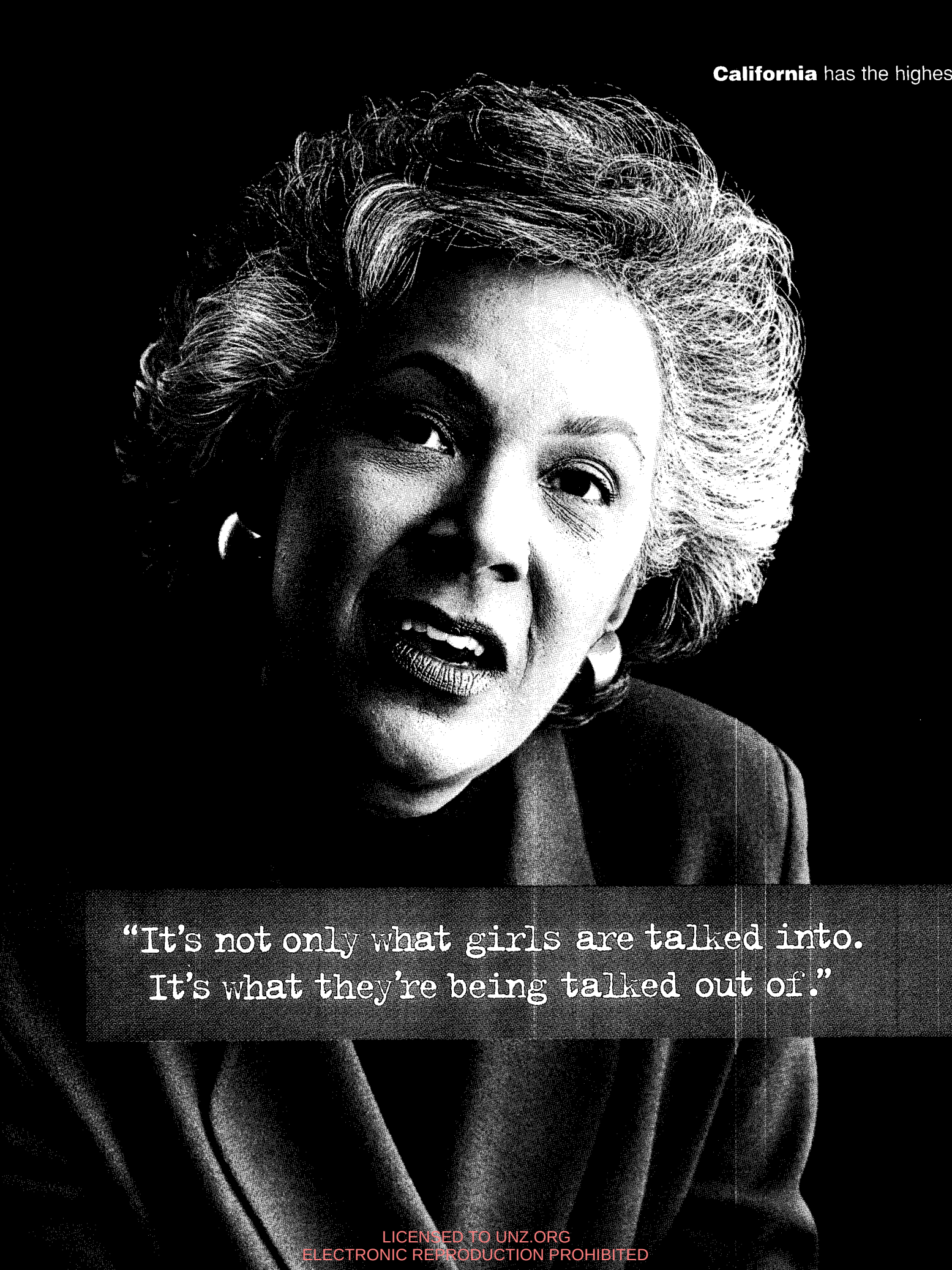
California has the highes



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een pregnancy and birth rate in the industrialized world. This series asks **why**...and what we should do.

When it comes to teen pregnancy, plenty of adults think the solution is for girls to say no to sex.

But what are we giving girls to say yes to, instead?

Preventing pregnancy means making sure a girl has other, real choices in life.

All girls, especially poor ones, face a much narrower range of options in education and jobs than their brothers do.

The American reality is, more women than men make poverty wages in dead-end jobs.

Yet more and more women are now the primary providers for themselves and their families.

It makes sense to pay special attention to girls. Not because girls are solely responsible for teen pregnancy, but because they are most drastically affected.

Girls need to be offered better options than early motherhood.

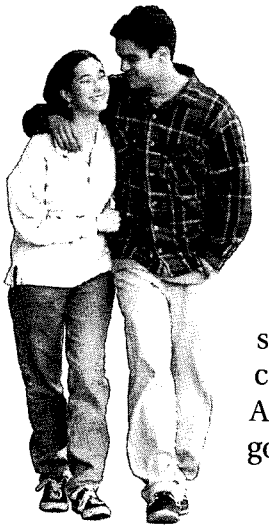
Girls face discrimination, regardless of race or ethnicity, pregnant or not.

And those whose expectations are dimmest are most likely to consider pregnancy their brightest option.

Any program hoping to discourage teen pregnancy must not only actively encourage other choices, but also give girls the support they need to overcome real biases.

Math and science are the gateways to growth careers, for example, but studies show teachers and parents expect boys to do better at these subjects no matter what girls' real abilities.

No wonder girls' class participation drops off in high school. No wonder only 31% of computer scientists and systems analysts are women. No wonder girls need special encouragement as well as genuine opportunity.



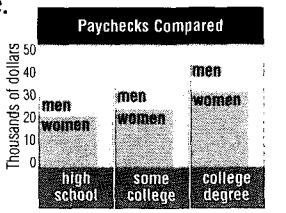
***FACT:** As early as high school, boys' wages are pulling ahead of girls'.*

Society certainly notices a girl after she gets pregnant. We need to notice her long before.

Highlight math and science in school. Challenge job barriers. Overcome trivializing media stereotypes. All help give her positive reasons to set goals and live up to them.

She also needs to know how to protect her health, under all circumstances. That includes comprehensive sex education and a sensible discussion of the methods she can choose to avoid unintended pregnancy—starting with abstinence.

Help a girl anticipate the adult she can become.



***FACT:** The more educated they become, the more money women make. But no matter how educated, women still average 30% less pay than men.*

The tragedy of teen pregnancy belongs to the girl whose life has been circumscribed and blighted, whose list of hopes is too short and whose dreams have betrayed her.

Want her to make other choices?

Make sure choices are there for her to make. This is what is so elementary—and so necessary.

Isabel C. Stewart is national executive director of Girls Incorporated, the nation's leading education, research, and advocacy organization for girls.

This is one of many views of teen pregnancy in California. To consider the full range, send for our **free** reprint series by completing this coupon.

NAME

ADDRESS

CITY, STATE, ZIP

The California Wellness Foundation
Teenage Pregnancy Prevention Initiative
466 Green St., Suite 300, San Francisco, CA 94133

4A

Public Media Center Chart: US Dept of Education, 1996.

Teen pregnancy is an adult problem.

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The Bottom Line

commentary

by Susan Rasky

Finding the jobs

Early in the first administration of Franklin Delano Roosevelt, Harry Hopkins, FDR's director of the Federal Emergency Relief Administration, set up a special division to gather and analyze statistics from the states on the impact of the Great Depression. Hopkins wanted more, however, than just a quantitative database detailing the financial devastation of American industry and millions of unemployed workers.

With an eye to building the social welfare programs that would eventually become the core of the New Deal, he wanted a way to interpret the qualitative impact of joblessness on people's lives. To get it, he hired along with his number crunchers a team of 16 academics, journalists and novelists to fan out around the country and simply talk to ordinary people about what had happened to them. In a much less systematic or even conscious fashion, something perversely akin to Hopkins' research effort is underway today, this time a by-product of dismantling the welfare system. Even in California, where the final shape of the overhaul is still in dispute, the focus of public attention on welfare has shifted from indolence and morality to unemployment.

It seems a profoundly simple and obvious issue in a state where even amid recovery the May jobless rate of 6.3 percent was still a point above the national average. But the fact that nobody seems to have noticed much is a measure of how divorced the welfare debate — here and nationally — has been from economic reality. Suddenly, news organizations, think tanks and myriad state and local agencies are awash in stories and statistics about jobs — training for them, finding them, holding them and, of course, that splendidly vague economic concept, creating them.

It's not that the difficulties of obtaining gainful employment for unskilled welfare recipients hadn't previously occurred to reporters or policy specialists. Every welfare reporter in the state — probably in the country — has somewhere along the line made the pilgrimage to the Riverside GAIN program to record the "success" of the work-first approach or to San Jose's Center for Employment Training for the counter approach that stresses training geared toward specific employers' needs as well as post-placement follow-up.

Similarly, no subset of the American population (except perhaps the "soccer moms" of the 1996 election cycle) has had its demographic and behavioral characteristics more thoroughly sliced and diced than AFDC mothers. The sum of that knowledge, including more than two decades of experience with the federal Jobs Training Partnership Act, is not particularly encouraging or enlightening.

We know that even if welfare recipients land a first job, their chances of retaining it or moving on to better paying or more permanent employment are slim. We know that follow-up social services and counseling are probably critical in helping first-time job holders stay in the market, but such services are costly and most training agencies are not equipped to provide them.

We also know that programs where local employers are directly involved in training seem to offer better chances for job placement. But according to a recent survey by the Associated Press, only eight of the nation's 100 largest corporations had programs in place to hire people coming off the welfare rolls. And when the California Chamber of Commerce surveyed 800 business owners, it learned that half would insist on tax credits or other financial incentives before hiring welfare recipients.

Beyond that, the miracle of ending welfare as we know it is pretty much a matter of anecdote and experiment.

There are dangers to anecdotal reporting. Some of it is arguably what helped fuel the welfare reform movement in the first place. But now, as journalists begin to match the human interest anecdotes in their stories on individual AFDC families with the mountain of labor market data increasingly available in digestible, reporter-friendly increments, the broader notion of welfare as an unemployment problem is finally sinking in.

Putting aside critical issues such as child care, transportation and education or skill levels that pose particular problems for those required to leave the welfare rolls, the California economy is simply not going to generate enough jobs in the foreseeable future for all of those who will be seeking them.

In one of the most succinct summaries of the state's situation, Jean Ross of the California Budget Project estimates that job seekers will exceed available jobs in every county except Alpine. According to figures that she regards as conservative, the ratio of job seekers to jobs is more than 15-to-one in 11 California counties and between 14 and 10-to-one in another 12 counties. In 23 counties, including San Diego, Riverside, San Bernardino, Los Angeles, San Francisco, Contra Costa, Alameda, Sacramento and Yolo, the ratio is five to nine job seekers per job. The counties with the closest match — one to four job seekers per job — include Orange, Ventura, Santa Clara, San Mateo and Marin.

None of that, of course, addresses the entirely separate question of whether the jobs former welfare recipients are able to find will pay them enough money to support their families or what the impact of flooding the market with entry-level job seekers will be on wage levels in existing low-end jobs.

Those subjects presumably await the next round of welfare human interest stories.

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Challenging

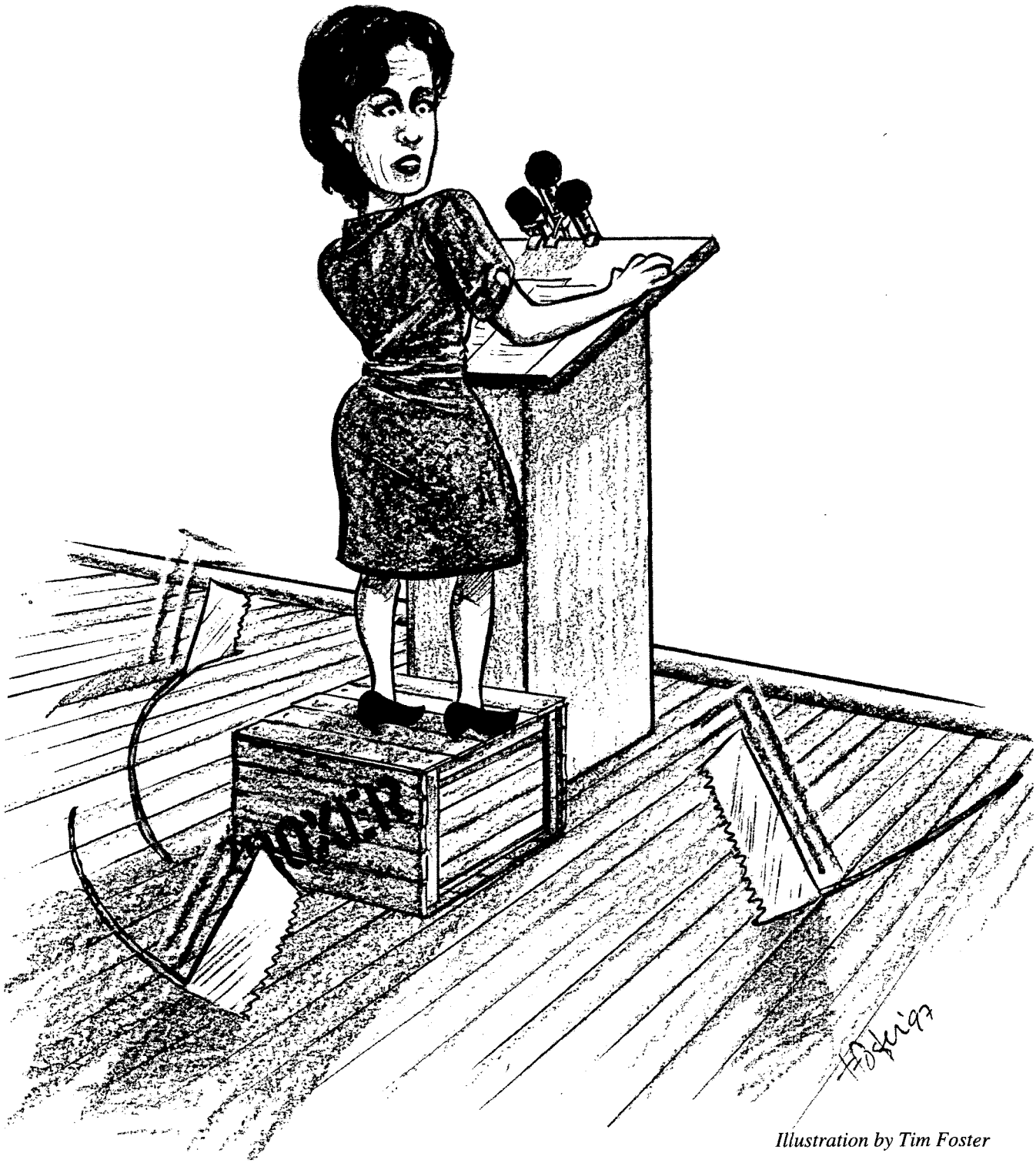

Illustration by Tim Foster

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Barbara Boxer

Three Republican challengers all say California's junior senator is too liberal to win re-election. To beat her, though, one of them will have to match Boxer's energy and overcome the advantages of incumbency.

by Steve Scott

Of the many loaded expressions which have become a part of the modern political lexicon, few pack the emotional and intellectual gunpowder of the "L word": Liberal. From the mouths of conservatives, the word "liberal" has become a dismissive epithet, viewed by many people who vote as synonymous with the political excesses of the 1960s and '70s. Often the word is married with some other equally pejorative modifier: "tax-and-spend liberal," "card-carrying liberal," "soft-on-crime liberal," "A.C.L.U. liberal."

In her time, California Democratic U.S. Senator Barbara Boxer has been called all of these and more. One of four woman Democrats elected to the Senate in the much-hyped "Year of the Woman" of 1992, Boxer's confrontational style and attacks on Congress' "old boys network" have made her a heroic figure among many liberal and women's groups. If anything, the permutations on "liberal" will get even more creative in the next few months. Boxer has been wearing the conservative dart-board jacket from the moment she was sworn in to the Senate, and after fellow California Democrat Dianne Feinstein came within an eyelash of being knocked out of her Senate seat by millionaire congressman Michael Huffington, Republican leaders talked as if the seat were already theirs.

The GOP's confidence appeared to be at least somewhat justified. Boxer, after all, had won a relatively narrow victory in 1992, securing less than 50 percent of

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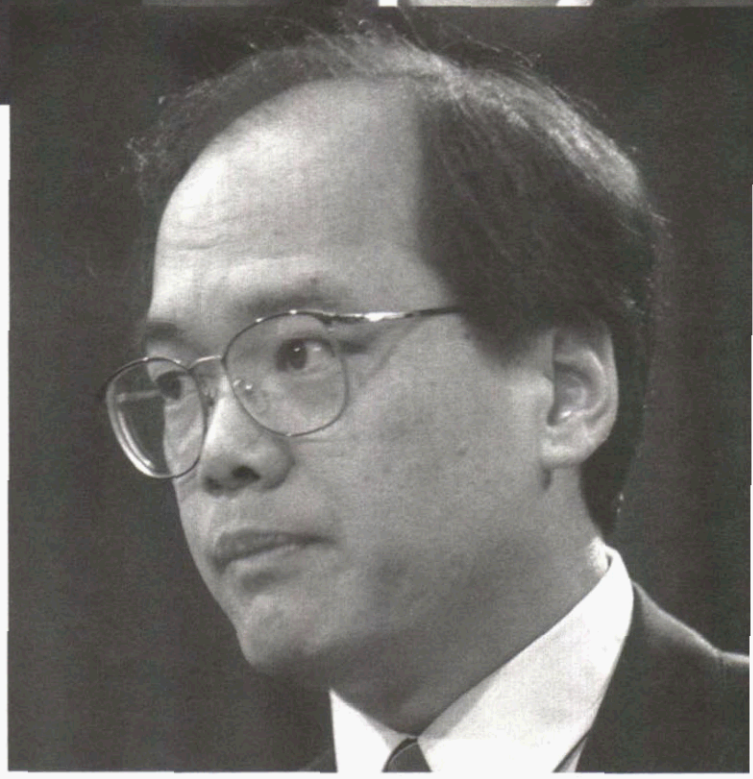
Boxer, left; Golding, right



Fong

the vote. As recently as the beginning of the year, a statewide Field Poll showed only 36 percent of voters inclined to back Boxer's reelection, while 49 percent said they were disinclined to support her for another term. In the most recent Field Poll on the race, taken in late May when Representative Sonny Bono was still considering a run, Boxer sat at only 34 percent in an open primary — ahead of the rest, but still well below 50 percent. But when it came time to "fish or cut bait," several of the names bandied about as likely GOP rivals — Huffington, Secretary of State Bill Jones, and Representatives Bono, Tom Campbell, David Dreier, and Christopher Cox — took a pass, as did Boxer's 1992 rival, former television commentator Bruce Herschensohn. While each of the three Republicans who have stayed in the field — State Treasurer Matt Fong, San Diego Mayor Susan Golding, and car-alarm executive Darrell Issa — are viewed as having possible strengths against her, some Republican analysts are beginning to temper their confidence.

"The national Republicans will do everything they can to [beat] Boxer," said GOP strategist Tony Quinn. "But ... I think the number one target from 1992 will be [Illinois Democratic Senator] Carol Moseley-Braun."

Of the three Republicans who have stepped up to challenge Boxer, the one who appears to be best known to voters is Fong. The son of former Democratic Secretary of State March Fong Eu, the 43-year-old treasurer became a Republican while in his 20s and, after a bit of initial suspicion from party leaders, became something of a rising star. His unsuccessful bid for state controller in 1990 earned him a clear shot at the state treasurer's job, and he rode the GOP wave of 1994 to beat former Democratic Party chief Phil Angelides.

Fong has managed to set down some conservative markers through his advocacy of a modified flat tax as a member of the GOP's National Commission on Tax Reform and Economic Growth, chaired by former Housing Secretary and vice-presidential candidate Jack Kemp. Of the three, Fong is the only one to have run statewide, and as an Asian man, Fong also serves to counterbalance the perception that the GOP is cool to minorities.

"There are those who want to position the Republican Party in that way," said Fong strategist Ray McNally. "He's a perfect candidate for this place and time."

As a candidate, though, Fong will never win any awards for charisma or oratory, and the political marketability of the flat tax remains to be tested. Also untested are Fong's somewhat nebulous views on abortion rights. Although he and his handlers identify him as being "pro-choice," Fong has had trouble making his views clear on the

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Issa

issue, and opponents mockingly refer to his "sort of" stand on abortion.

Suffering from no such ambiguity on the issue is Golding, the 50-year-old mayor of San Diego who has inherited the political team of Governor Pete Wilson. Widely considered to be the most moderate of the three GOP contenders on social issues, Golding made a splash in party circles last year as the host mayor for the Republican National Convention. "Had it not been for the convention, she would not have been able to run," said Golding strategist George Gorton, Wilson's longtime political guru. "She proved herself."

Pushing for the convention to come to her city was clearly a wise move for Golding, but she benefits from other "conventional wisdom" as well. The experienced Wilson team gives her a well-oiled machine, and she has made some inroads into Boxer's fund-raising base in the show business community. Many pundits also rate her as the strongest candidate against Boxer because she minimizes a natural edge Boxer may have enjoyed with women and pro-choice Republicans. "Boxer won in '92 ... by eating into Republican base in suburbs," notes Republican consultant Quinn. "If that happens once again, it would seem to me that Boxer would probably win reelection."

Golding's status as the pundits' choice has helped her move up in some statewide polling, though public polls still show her trailing Fong among Republicans. But that same status figures to make her a target not only among her fellow GOP opponents, but also with Boxer as well. Opponents say reviews of her performance are decidedly more mixed in San Diego County as a whole than they are in the city, and several conservative members of the county's legislative delegation are backing Darrell Issa. Moreover, she is still relatively unknown outside her little corner of the state.

"The problem with running from San Diego is you get north of La Jolla and nobody's ever heard of you," said Republican political consultant Allan Hoffenblum.

Issa is generally viewed as the wild card in the Senate campaign, relatively unknown by the public but viewed nervously by his competitors. The reason: He's got bucks — a self-made millionaire whose company, Directed Electronics, makes the high-end Viper line of car alarms, as well as sundry other car electronics. Issa has been a generous contributor to GOP candidates and causes over the years. He's a member of the GOP's "Team 100" group of $100,000 contributors and has contributed both to Fong and Golding campaigns in the past. Campaign manager Scott Taylor estimates it will cost "between $8 million and $14 million" for his candidate to compete and win the GOP primary, and says at least 90 percent of that money will come from the candidate's pocket.

By willingly exploiting the key loophole in federal campaign finance laws, Issa can buy himself a ticket to the dance, but money isn't his only tactical advantage. Unlike Fong and Golding, Issa is positioning himself as the "true" conservative — a foe of abortion and a vigorous opponent of gun control. He has also hired on key members of Herschensohn's campaign team, which has a motive to go after Boxer. But as Herschensohn's campaign showed, too much conservatism can be a two-edged sword.

"If he positions himself as the 'true' conservative, he could end up adopting positions which might help him win a primary but would be fatal in the fall," said Quinn.

All three Republicans must address complications not necessarily of their own making. Ironically, all come courtesy of their own political party. Issa's camp concedes their man has had to overcome the specter — created by Michael Huffington — of a lightweight rich guy running on a lark. The GOP's headlong rush into scrutinizing Asian-based political contributions hit Fong squarely between the eyes earlier this year, as he was forced to return $100,000 in political contributions he received from an Indonesian benefactor. According to the *Los Angeles Times*, the feds are investigating whether the money originated in mainland China.

Golding, meanwhile, will likely again face questions about the 1989 arrest and subsequent conviction of her then-husband, former Jerry Brown aide Richard Silberman, on charges related to drug-trafficking. The couple has since divorced, there's no evidence of complicity on Golding's part, and the candidate dismisses it as "old news." However, some believe her party's attacks on First Lady Hillary Rodham Clinton will make it tougher for Golding to simply brush off the scandal.

"If [the Clintons] have to talk about Whitewater — long ago stuff that's hard to follow — then Fong and Golding are going to have to talk about long-ago, hard-to-follow stuff too," said Quinn.

Another new wrinkle facing the GOP field is that they'll have to compete for primary votes with another well-known figure — Barbara Boxer.

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Assuming the initiative which created it survives a court challenge, the open primary will be coming to California and voters of each party will have the option of voting for whomever they wish. Perhaps more significantly, decline-to-state voters will be casting primary ballots in all the major races for the first time. "That's the 800-pound gorilla," said Gorton.

All three campaigns are eyeing those independent voters, and each suggests a scenario that could draw them over. As important as these uncharted votes are to the Republicans, though, they are every bit as important to Boxer, who must now play the "expectation game" in the primary. "Any incumbent who gets less than 50 percent in a blanket primary in Washington [the nearest state with an open primary] is generally viewed as being in trouble," said Quinn. In a closed primary, of course, the unopposed Boxer would probably not spend much, since she'd be guaranteed 100 percent of the vote. If it remains open, however, Boxer could be forced to do some advertising, perhaps targeting the perception that the GOP in general is out of the mainstream.

"Her job is to get as many Democratic votes as possible," said Hoffenblum. "It's very dangerous for an incumbent to sit around doing nothing."

For their part, Boxer's camp insists it's much too early to talk of strategic targeting of independent voters, maintaining their candidate is in much better shape than she is given credit for being. "She's in much better shape in this stage in the [election] cycle than Clinton was at this point, or Pete Wilson was at this point," said Boxer campaign strategist Roy Behr. "On the day after the primary, we'll be in a lot better shape than the Republican nominee." Boxer forces also believe they can weather the "liberal" label because the issues are coming their way. Gun control, for instance, was a decisive issue in a number of key legislative and congressional races in California, and the issue cut Democrats' way. And even a pro-choice Republican like Golding could have to answer for her party's stance on the question.

"The Republican Party is still having a national debate about abortion," said Democratic Party strategist Bob Mulholland. "Most California women have gone beyond that."

Democrats also believe they have an asset in their candidate — an incumbent with a reputation for feistiness. Although she's generally acknowledged to be a liberal, Boxer forces say their candidate is viewed by many as a "fighter" who helped turn back some of the more extreme features of the Republican agenda. She is also a tireless campaigner and does well on the stump. "The interesting story about the Republicans is the fact that all of the most potentially attractive candidates have declined to run," said Behr. Behr's assessment may be somewhat hyperbolic; the members of Congress who eschewed a run mainly did so because they were doing just fine in the House. Still, the relative anonymity of the Republican candidates suggests defeating Boxer may not be quite the slam dunk the GOP might have predicted two years ago.

"Barbara Boxer is vulnerable," noted Hoffenblum, "but whether she wins or loses depends ultimately on the temper of the times."

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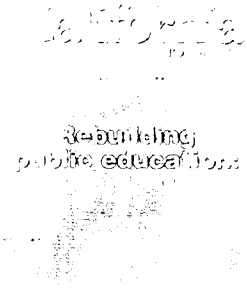
California Journal



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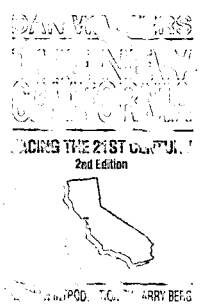
By Dan Walters



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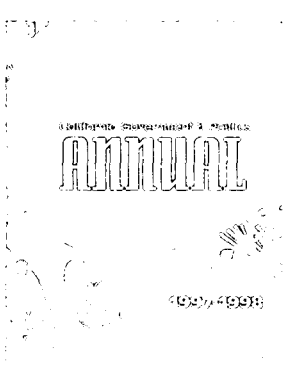

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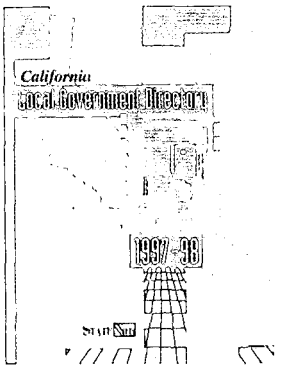

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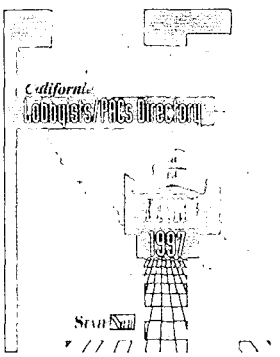

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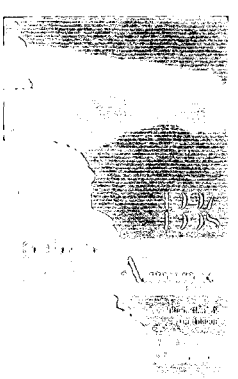

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The Northwest Airlines executive thinks he has the right stuff to make his political debut running for the state's top job. Will voters agree?

Al Checchi's

by John Borland

Striding towards a San Francisco hotel coffee shop several months ago, Al Checchi joked with reporters and his political advisor about the results of a recent Field Poll. Taken only a few months after he had announced his interest in running for California governor, and well before he had hit the speaking circuit in earnest, the poll showed the then-Northwest Airlines co-chairman to be almost invisible to state voters, while U.S. Senator Dianne Feinstein was both well-known and extremely popular among Democrats. His near-zero level of support had been unceremoniously designated with an asterisk.

At the time, Checchi still was unsure about making the run. But if he did decide to join the fray, he vowed, "I won't be an asterisk."

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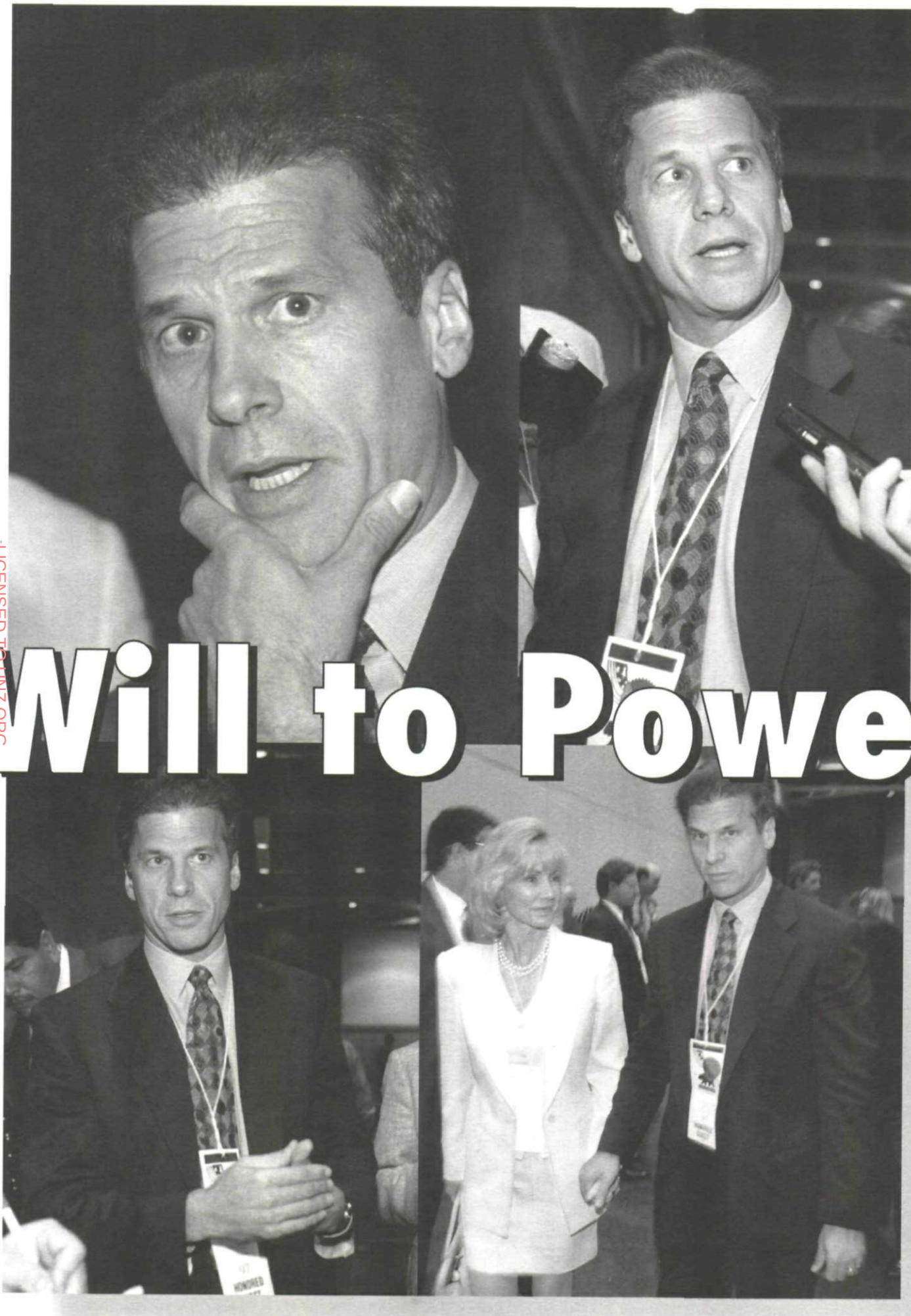

Will to Power

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"Checchi has been enormously successful in virtually every major endeavor of his 49 years. He has won a reputation in the business world as a skilled negotiator and a wildly creative financier."

With a personal fortune estimated at over $550 million, and the ability to spend tens of millions of dollars to make his name as familiar as the Nike swoosh to state voters, Checchi is assured of at least this goal. But as he wades progressively deeper into the state's political waters, it is clear that his ambition and confidence stem from more than just this access to a platinum-class checkbook.

Checchi has been enormously successful in virtually every major endeavor of his 48 years. He has won a reputation in the business world as a skilled negotiator and a wildly creative financier. He has proffered and closed deals that seemed impossible at the outset, provoked storms of criticism in the making, and somehow turned out well for almost everyone involved. And as is natural, he views the world and his own political potential as an extension of this past.

His resume, his bank account and his ambition, if not his philosophy, seem drawn from the pages of an Ayn Rand novel. Checchi belongs to that group of people who believe they can re-create the world in their own image — be it a new Disney Corporation, a revitalized Northwest Airlines, or perhaps the Golden State itself.

"People who succeed are people who have strong wills," Checchi told a Sacramento Press Club luncheon in April. "I assure you, I have a strong will."

The Democratic businessman contends, correctly in the case of a governor's race, that money alone cannot buy an election. His problem may be that will — strong or good — can't either.

Checchi was raised in Washington, D.C., the son of a high-level U.S. Food and Drug Administration bureaucrat, reaching the age of political awareness during the idealistic days of the Kennedys, causing him to gravitate toward the Democratic Party. A good student despite what he says was no great love of school itself, Checchi went to Amherst College and then to Harvard for an MBA, graduating in 1975. He was hired to work for the Marriott Corporation directly out of school by friend and future business partner Gary Wilson, who had served as his mentor when both were working at Checchi's uncle's consulting firm years before. At Marriott, Checchi proved to have a Jack-and-the-Beanstalk touch with the company's funds, corralling outside investments that allowed the hotel chain to expand rapidly using comparatively small infusions of its own capital. In 1982, Checchi was recruited by the Bass Brothers of Texas, where Wilson soon joined him, and they were given the task of helping to rescue the then-foundering Disney Corporation. Checchi moved to California — where he has lived ever since — and again helped to work financial magic.

By this time, though, Checchi was getting restless in his role as a businessman. He had begun to play a significant fund-raising role for Democratic politicians, but he itched to join the fray himself. "He always had ... an interest in running for public office," says Michael Berman, a prominent Washington, D.C. consultant with whom Checchi informally discussed his ideas at the time. "I was probably skeptical," Berman (No relationship to U.S. Representative Howard Breman) now remembers. "He just didn't have enough of the kind of success he would need."

Checchi agrees. "I had decided I was going to do public service as a teenager," he says. "It was just a question of when." He "kicked around" for a year or so talking to friends and people in politics, but was finally persuaded to give up the idea of running for office. "I looked at the political scene and concluded ... that I had nothing to say," he admits. "I found myself sounding like a politician." And so he turned back to what he knew best, looking for "something in business with real impact" on people's lives.

He didn't have to wait long. In the late 1980's, Wilson approached Checchi with a proposition: the Minnesota-based Northwest Airlines appeared to be managed badly and ripe for takeover. Checchi agreed, and in 1989, the two persuaded other investors — including the Dutch KLM Airlines and, ironically, Dianne Feinstein's investor-husband Richard Blum — to join them in a heavily leveraged buyout of the company. Checchi became a kind of ubiquitous cheerleader inside a company with abysmal management-employee relations, giving pep talks in cafeterias and work halls on a daily basis, and his efforts soon bore fruit.

"People I knew personally — everything from pilots to stewardesses to mechanics — were very much believers in Al Checchi and the new investors," says Minneapolis businessman Gene Merriam, who was then the Democratic chair of the state Senate Finance committee and no fan of the company's new management. "Checchi would make these pitches about 'we' and 'us' — it made employees believers."

This support proved invaluable only months later, when Checchi was forced for the first time into the bloodier aspects of politics. Northwest was planning to build new aircraft maintenance facilities; after negotiating with the governor and legislative leaders, a deal emerged in which the state would give the company a package worth more than $800

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million in loans, grants and tax credits, and in return Northwest would provide close to 1500 well-paying new jobs. Checchi again became the company's public face, frenetically lobbying groups of legislators, appearing on television and in the print media, often with groups of Northwest union members at his side.

But the proposal had vehement detractors inside and out of the Capitol, who argued that taxpayer funds should not be used to bail out wealthy corporate raiders — and because Checchi was the company's most visible face, he became the local point for their anger. The Legislature approved the deal in the last hours of its 1991 session, but public criticism continued to run high as Northwest's finances plummeted and the company was forced to renegotiate the terms of the deal. At one point, a full-page ad ran in papers that read: "There's a wolf at your door, and his name is Al."

The pressure on Checchi and Wilson didn't let up for several years. Northwest dipped closer and closer to failure as the entire industry was rocked by recession. Bankruptcy lawyers had actually set up camp outside court when Checchi and Wilson persuaded unions —even after temporary layoffs of close to 2000 people — to accept significant wage cuts in return for stock in the floundering company.

Checchi himself disappeared from the public eye after the first wave of criticism. "It's taught me that I wouldn't choose to be a politician because of the impact on your family," Checchi told the *St. Paul Pioneer Press* in 1993. And again, later in the year at one particularly tense moment in negotiations with unions and bankers: "I have received nothing but character assassination in this community. I can't wait to return to private life."

Flash forward to 1996. The airline industry had recovered, Northwest was back in profit mode, and Checchi's natural optimism had returned. As a result, the old itch for politics was back. It helped that in 1995 he had a near brush with death. Scheduled to be on the airplane that killed U.S. Commerce Secretary Ron Brown and 33 others in Croatia, he begged out at the last minute to attend a dinner with the president of Italy, saving his life.

"That probably helped to lead me in this direction," he says, though stressing that the near-miss was hardly the only factor in his run. "The reason I had agreed to go was out of a sense of public interest. What had saved my life was public duty. You just kind of say to yourself, 'Maybe there's a purpose to my life.'"

He embarked on a crash course of study of California politics and history, announcing in late 1996 that he was considering a run for governor. He tested his ideas on groups of business peers, and as he became more comfortable on the stump, on a growing number of other groups. In April he announced that he would "probably" run, contingent on developing a series of specific policy proposals and on persuading his wife Kathryn and three children that it was a good idea. His resignation as co-chair of Northwest soon afterwards pushed him a step closer, and he hit the speaking circuit full time.

Checchi sounds a consistent theme in these stops, perhaps by way of justifying what looks at first glance to be a newcomer's enormous political hubris. Business people like himself have a responsibility to engage in public service, he says, calling on his peers to join him. He proudly touts the support he has won among executives, who are outwardly skeptical of active engagement in politics, but who privately have said they will support him and serve in a Kennedy-style Cabinet of "the best and the brightest." He makes no apologies for shooting immediately for the top of the political heap, saying only half in jest that "I don't do well working for other people."

The budding candidate has convened task forces on K-12 and higher education, and on economic issues, to help him develop a specific policy agenda. In his early speeches, he has focused on the shabby state of public school education and the pathologically tangled system of state and local government financing, calling for reform of both to catch up to a changing economic and cultural environment.

"We have to ask ourselves: What are we doing with our kids? What are we doing with our future?" he exhorted a Silicon Valley audience. "We need a Manhattan Project for education," referring to the massive financial resources brought to bear to develop the atomic bomb. He admits that the state already spends a considerable sum on education, but he says this money can be used more efficiently by shedding bureaucracy and giving individual schools more decision-making power. He also says there is a corollary to this efficiency — that if tax dollars are being used wisely, taxpayers should no longer be afraid of higher taxes.

A considerable part of the state's economic difficulties can be traced to the stranglehold of past initiatives, he argues. "Proposition 13 sits there as a shibboleth, as the third rail of California politics," he says, arguing that the measure's restrictions, along with the rest of government's tax and

"People who succeed are people who have strong wills. I assure you, I have a strong will."

— Al Checchi, speaking to the Sacramento Press Club

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"Where was he a year ago? Where was he ten years ago? Here's a guy who has failed to participate in the process at the most fundamental level — he hasn't even voted."

— Ray McNally

Veteran GOP Consultant

spending policies need to be changed to fit present-day needs.

The prospective candidate appears less comfortable when forced from the big picture into the more banal pursuit of building a campaign-friendly political persona. "My whole life has been focused on substance," he says. " I come from a world where you do not get style points." While his past may have provided him with some campaign-style experience in winning the loyalty of skeptical union employees, a statewide political race will take him into a world where style is very much a factor.

In many respects, Checchi obviously understands this. After a recent meeting with San Francisco Mayor Willie Brown, the ex-Assembly speaker advised him to visit Assemblywoman Carole Migden (D-San Francisco). Checchi did so — but instead of using his considerable influence to arrange a private lunch or dinner, he waited his turn in her outer office like any other supplicant. Migden was impressed. "Mr. Checchi came hat in hand and sat in my waiting room among the volunteers and visitors," she said. "I was pleased at the humility that expressed."

And unlike fellow multi-millionaire-turned-politician Michael Huffington, Checchi is doing his utmost to introduce himself to almost every conceivable interest group, politician and press member he can find. This early whirlwind tour makes good political sense if he is to be taken as anything but another "stuffed suit" millionaire candidate.

But out of these same meetings have emerged Checchi's pressure points. He is visibly, occasionally angrily, impatient

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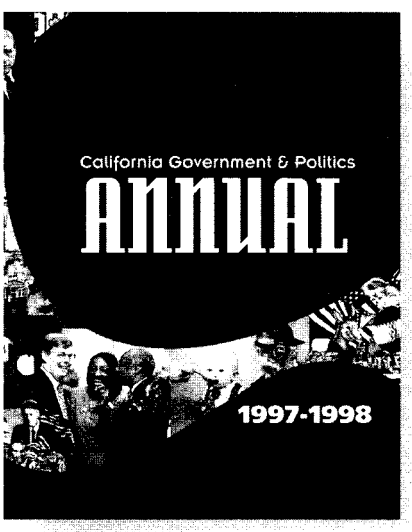

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with criticism he sees as petty or irrelevant —precisely the stuff of political media campaigns. The sensitivity to criticism that had some labeling him as "paranoid" during the worst days at Northwest may have lessened, but neither has he been tested in the heat of a statewide political campaign, in comparison to which the "wolf at the door" ads may come to seem positively complimentary.

Already he has taken hits on his very spotty voting record — not voting on the illegal immigration initiative (Proposition 187), and initially unsure if he voted on the affirmative action initiative (Proposition 209). He says he now opposes both. In May newspapers told of political contributions he made in the name of his children — to Dianne Feinstein, of all people — in order to skirt the letter of state campaign finance laws.

"I'm exchanging a narrow and fine reputation for a wide and lousy one," he says.

Checchi says he is ready for the worst his potential opponents can throw at him. Early on he hired a researcher to dig up his weaknesses and present them in the worst possible light with his wife present. This wasn't enough to deter him, though he says the potential fallout on his family has worried him. He also says he wants to run a campaign focused on his own strengths, but that he won't stand still in the face of attacks. "If [the race] gets nasty, it won't be because of me," he vows. But "if anybody attacks me personally or my family — because I value my reputation — I assure you it will get very nasty indeed."

Hampering his efforts will be skepticism from political insiders of both parties who say his last year's efforts are too little, too late. "Where was he a year ago? Where was he ten years ago?" asks Ray McNally, a veteran GOP consultant. "Here's a guy who has failed to participate in the process at the most fundamental level — he hasn't even voted." California voters are loathe to elect rich, untested candidates to higher office, McNally adds. "All the polling, all the focus groups we've done ... all find that people want to sense ... that a candidate has the experience to make good on his promises."

The would-be candidate cites as inspiration governors Hiram Johnson, Earl Warren and Pat Brown, all centrist reformers who left deep footprints in state history. "I have no interest in doing this job just to preside," he says. "In every effort I've been involved in, people have said [I] made a difference." He may well be able to translate his businessman's ability to bring cohesion and profit from chaos into the more complex world of state policy-making. But he must first get through the frustrating world of a statewide campaign, where public opinion can not be negotiated, no matter what a candidate's strength of will.

By mid-July, the presumptive front-runner in the 1998 Democratic primary remained Feinstein, who had not yet officially announced. Lieutenant Governor Gray Davis had long since thrown his hat into the ring, the only Democrat to have definitively declared. In the Republican background, Attorney General Dan Lungren was waiting alone in his own primary field. Checchi had climbed a few percentage points above his asterisk in the most recent polls and was laying careful plans for his future media campaign, secure in his expectation of a secure stream of campaign funds.

But the world-class dealmaker has a lot of talking to do before June 1998.

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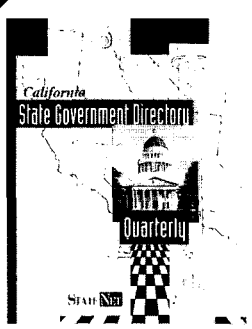

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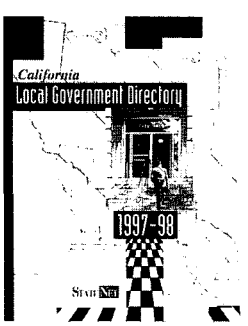

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Political Odd

In a climate where cross-party accommodation is viewed suspiciously, some legislators in Sacramento and Washington have forged unique relationships with colleagues at the other end of the political spectrum.

by Dana Wilkie

When Democratic Assemblywoman Sheila Kuehl put up her microphone one day last year, a signal to the California Assembly that she wanted to speak, Republican Barbara Alby watched skeptically from across the broad room as this small, pixie-haired woman — so politically different from herself — rose to say something about the Alby bill before the house.

But instead of the dismissive rhetoric or blistering questions that Alby often expects from her Democratic counterparts, Kuehl delivered flattering remarks about the legislation; which would make it easier to arrest men who beat their wives.

Kuehl sat down, then glanced over at her Republican colleague.

"[Alby] gave me a funny grin," Kuehl recalls. "Then she gave me a thumbs up. I gave her a thumbs up."

From that day, the two women developed a liking for each other despite their remarkable differences: Kuehl is a government-can-solve-the-problem

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Dana Wilkie is a Washington correspondent for Copley News Service and covered the state Capitol for the San Diego Union-Tribune.

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Couples

liberal. Alby's a get-government-out-of-my-life conservative. Kuehl supports abortion and gun controls; Alby battles both. Kuehl is the Legislature's first openly gay member. Alby's a Bible-believing Christian who says homosexuality is sinful.

Sometimes, the seat of government does for lawmakers what Neil Simon did for Oscar and Felix — toss together people who are stark opposites in style, temperament and political outlook, and produce couples who not only coexist, but actually bond. In places as ferociously partisan as the California or nation's capital, such friendships can be the political equivalent of a royal marriage — creating channels of communication between warring factions and forcing foes to see each other as human beings. Such pairings can even loosen the legislative knots that keep politicians from confronting the prob-

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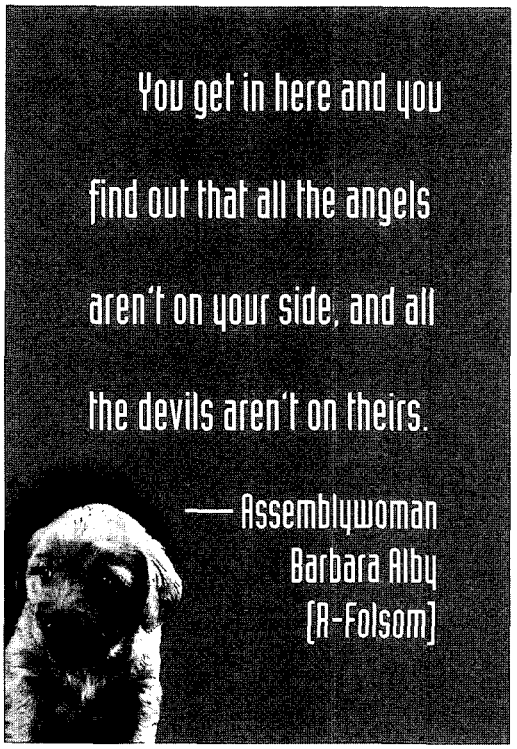
lems voters elected them to solve.

Seasoned lawmakers remember when these cross-party unions were more common. But thanks to restrictions on gift-giving and to legislative term limits, they say, few of them have the opportunity or the time to get to know one another. As a result, they believe, it is harder than it once was for politicians to shed their partisan views so they can find middle ground on significant issues.

"You seldom really get to know even members of your own party unless you happen to serve on a committee with them," says state Senator Ross Johnson (R-Orange), a conservative from Irvine who's been in the Legislature nearly 20 years, and who frequently sees Assembly members on television whose names he doesn't know. "All of this has contributed to a feeling of alienation among members. And if you can treat your adversary as a two-dimensional cartoon character, it's a whole lot easier not to worry about being fair to them."


You get in here and you find out that all the angels aren't on your side, and all the devils aren't on theirs.
— Assemblywoman Barbara Alby (R-Folsom)

When people from opposing parties do develop attachments, it is sometimes because they are passionate about the same issue. Alby and Kuehl, for instance, share a deep concern about domestic violence. Often, friendships evolve over regional issues: Representatives Brian Bilbray and Bob Filner, the first a surfboard-toting Republican and the latter a brainy, urban Democrat, share so many views about their San Diego-area districts that Bilbray's GOP colleagues once scolded him for spending too much time with Filner.

And sometimes, it's merely an affinity: Johnson — so conservative that he and his colleagues were once tagged "The Cavemen" — and Senator John Burton, the most liberal of San Francisco liberals, rarely socialize and toil at cross purposes during election years. But each appreciates the other's no-nonsense style and plain-spoken — even foul-mouthed — candor. The two met while serving in the Assembly. They discovered they had the same raunchy humor and similar taste in movies ("Fargo" is a favorite). They both knew the words to hokey folk songs made famous by Burl Ives. They labored together on the powerful Assembly Rules Committee, Burton as chairman and Johnson as vice-chairman. Last year, Johnson wrote a bill allowing the sale of cosmetically blemished fruit. Though it never passed, Burton worked behind the scenes to persuade fellow Democrats that the legislation was worth their votes.

"The relationship that Ross and I have has absolutely nothing to do with politics," says Burton. "He can't help me and I can't help him. But on the floor somehow, we connected, and we just kind of hit it off."

Says Johnson of Burton: "I think he's smart and he's got a quick wit and a great sense of humor and most important, he keeps his word."

A similar camaraderie recently developed between two other extraordinarily different people: Representative Sonny Bono (R-Palm Springs) — the former singer and Palm Springs mayor who objects to legislated rights for homosexuals — and Representative Barney Frank, the gay Democrat from Massachusetts who sits with Bono on the House Judiciary Committee. There was a time when Frank, along with the committee's other legal minds, ridiculed Bono for his failure to grasp complex issues. Once, Frank responded to a Bono comment by saying he'd never heard a less enlightening answer. Today, Bono and his wife dine with Frank and his partner. Together, they've written a bill to protect intellectual property rights. And those committee hearings? Frank is now one of Bono's chief defenders.

"Obviously, we differ a lot on issues," says Frank, explaining that he grew to admire Bono's shrewdness about people. "But we both study the way this place works, and each of us recognizes that the other is kind of a student of how you move people."

Says Bono of Frank: "He's brilliant and he's articulate. He's got a good sense of humor and he's tough." Maybe Bono softened his colleague, too, when he ordered 15 Domino's pizzas for the committee on one especially long night.

Alby, a Sacramentan, and Kuehl, from Santa Monica, are the feminine mirror image of Bono and Frank. They even look like opposites: Everything about Alby says big — big bones, big hair, big earrings. Everything about Kuehl is understated: short hair, small stature, bare face, no-fuss garments. Much of Kuehl's agenda is consumed with legislating rights for gays and gay couples; Alby is saddened that her colleague fails to see the error in her lifestyle.

But the women moved beyond these differences when they found common ground on one topic — spousal abuse. Alby legislates prolifically in this area, and her passion is personal: Her ex-husband used to knock her around, she says, so that she sometimes "heard my head slam against the wall." Kuehl, meanwhile, devoted her Harvard Law School education to advocating women's rights and stiffer penalties for domestic violence. Together, the women this year wrote a bill requiring wife-beaters to prove they are fit parents in child-custody cases. And when the Assembly speaker made Kuehl chairwoman of a new Select Committee on California's Women, Kuehl's first choice for the panel was Alby.

"I would have thought Barbara would have been the last person I would agree with on anything," says Kuehl. "But I think that she's shown such enormous concern about women's issues ... that I can tolerate all our disagreements on the other stuff."

Says Alby: "You get in here and you find out that all the angels aren't on your side, and all the devils aren't on theirs."

For years, Filner and Bilbray had crossed paths as local

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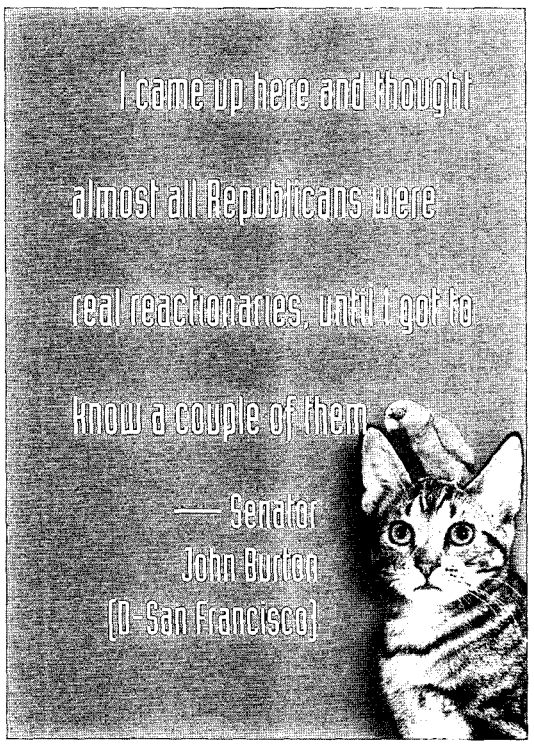
politicians — the first time as a San Diego city councilman and school board member, the second as an Imperial Beach mayor and county supervisor. After Bilbray arrived in Congress two years ago, the pair arranged to sit next to each other on the flight from Washington back home. For five hours, they talked of the southern communities that each represents: Tijuana sewage and border violence, beach development and parks. Bilbray, the Catholic San Diego native, took Filner, Jewish and raised in New York, on tours of the South Bay. Bilbray, the outdoorsy ocean worshipper, convinced Filner, the bookish Ph.D., to go horseback riding. They avoided upstaging each other in the newspapers. And since Filner's wife was executive director of a San Diego commission that Bilbray once chaired, their families grew close.

"We do vote differently and we argue differently, but when the issues come to San Diego, we are virtually in agreement," says Filner, who finds that their two styles can actually be complementary. "I'm a very logical, analytical, vigorous thinker, and Brian's very visceral and emotional. But it turned out those two personality types work together very effectively. Brian would be flying off the walls, getting emotional and getting people's attention, then I would say, 'OK, one, two, three, here's what we want you to do.'"



Says Bilbray: "We get attacked all the time for being too close to each other."

A similar affinity sprang up between GOP Representative Dana Rohrabacher (R-Huntington Beach), another surfer type from Orange County's Gold Coast, and Representative Jane Harman (D-Torrance), a Democrat who represents the central coast and the Palos Verdes Peninsula region where Rohrabacher went to high school.

When it comes to what the region needs, Rohrabacher tends to stash his conservatism and Harman shelves her social liberalism. Together, they've led hearings on environmental and aerospace technologies that benefit companies in the area. When Rohrabacher supported Hughes Aircraft's efforts to sell satellites abroad, Harman put Rohrabacher in touch with Hughes' president. She helped get Rohrabacher's name in the Palos Verdes Hall of Fame; he offered to take Harman surfing.

"Right after Jane got elected, she came to me and said, 'Look, I want to work with you, because it's important to the area,'" Rohrabacher recalls. "We've had a very good working relationship since."

Such ties also develop out of a need for self-preservation. Harman won her seat in 1992 in one of the closest congressional elections in the state and now represents a district that demographically leans Republican. Rohrabacher might be less energetic in supporting Harman's GOP rival in the next election, says one observer, if he likes and respects the congresswoman.

Occasionally, high hopes for such "peace pairs" are dashed. Witness the highly publicized arrivals in the state Capitol of Assemblymembers Jan Goldsmith and Valerie Brown. He, a self-described moderate Republican from Poway, and she, a moderate Democrat from Sonoma, came to Sacramento as freshmen in 1993. The town's local newspaper shadowed the two as they prophesied a new political era of bipartisan relationships that would produce never-before-seen cooperation in the statehouse. But 1994 was consumed with an election that would decide who controlled the lower house, while the next two years were devoured by a battle for the Assembly Speakership. Things had rarely seemed so partisan. As for Goldsmith and Brown, many believe each went into the political tank. Goldsmith is reviled by Democrats and moderate Republicans who watched him move increasingly to the right. Brown's image as a "waste-buster" was tarnished after she billed taxpayers for expenses and airfare during a three-week Spanish immersion course in Cuernavaca, Mexico.

Fierce partisanship is nothing new in Congress or the California Legislature. But the sense of alienation that Johnson describes between Democrats and Republicans may be. Missing, say many, is the socializing that once lubricated relations between the two parties. Years ago, when the Legislature worked part time instead of nearly year-round as it now does, few lawmakers kept households in Sacramento. After a long day, more of them used to drop by downtown's watering holes, where Democrats and Republicans pounded down nightcaps and belted out songs.

"I came up here and thought almost all Republicans were real reactionaries, until I got to know a couple of them," says Burton, who also made friends of Republicans like Johnson at lobbyist-hosted dinners and buffets that were later restricted by law. "You find out that both of your kids play Little League soccer. After a couple of drinks, everybody's your friend. You could still be partisan, but you didn't view them as evil."

It was at one of these clubs that Johnson grew to know and admire the late Curtis Tucker Sr., a Democrat from Los Angeles as far from Johnson's conservative ideologies as is Burton. Johnson says he cried like a baby at Tucker's funeral. But the senator never got to know his friend's son, Democratic Assemblyman Curtis Tucker Jr. of Inglewood, in the same way.

"It's a lot more difficult to reach accommodations with someone you just don't know," Johnson says. "In contrast, it's a whole lot more difficult to be unfair or even mean to someone you've taken the time to get to know."

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Washington Notes

perspective

by James R. Carroll

Aerospace's new reality

Interesting item in the paper the other day. Perhaps you saw it. Northrop Grumman Corporation signed a $1.9 billion contract to make components for the U.S. Air Force's C-7 transport, built by McDonnell Douglas.

The thing is, almost before the ink dries on the deal, McDonnell Douglas probably will cease to exist. And not many months afterwards, Northrop Grumman probably will disappear, too.

McDonnell Douglas is being bought out by the Boeing Company. Northrop Grumman is being bought out by Lockheed Martin Corporation. Consequently, California's defense and aerospace industry is going to be shaken by restructuring earthquakes for the next couple of years, with thousands of jobs at stake. The potential challenge to California's political leaders from such economic tremblors could be immense.

Corporate logos familiar to Californians since the World War II era have been vanishing in a wave of aerospace industry consolidation that in sheer scope is unprecedented. But the really big — really, really big — consolidations in California aerospace have come in just two announcements: last December's $14 billion Boeing buyout of McDonnell Douglas and July's $11.6 billion Lockheed buyout of Northrop Grumman.

The Boeing-McDonnell Douglas colossus already has been cleared by the Federal Trade Commission and now only awaits the approval of a so-far-skeptical group of anti-trust regulators in the European Union. If it gets all the green lights, the new Boeing will be the world's largest aerospace company, with 200,000 jobs in 27 states and annual sales next year projected at $48 billion. Some 42,000 of the Boeing jobs will be in California, making the company the state's largest private employer. Lockheed will be right there with Boeing. Already the world's largest defense contractor, Lockheed will become even larger with Northrop Grumman. The new combine will have 230,000 jobs nationwide and $37 billion in annual revenues. An estimated 41,500 of the new Lockheed jobs will be in California.

The question is, how long will all these jobs survive? Boeing insists that there will be few jobs cut because of its full plate of contractors for civilian airliners and McDonnell Douglas' healthy military business. But there is some duplication in facilities and roles that a streamlined behemoth like Boeing won't be able to justify.

The number one concern in California is the future of 10,000 employees at McDonnell Douglas' civilian airliner production lines in Long Beach. Aviation industry analysts say that there is little reason for Boeing to keep the McDonnell Douglas commercial operations going beyond existing contract commitments that may last a few more years — McDonnell Douglas sales have been dropping precipitously for the past few years, and FTC research suggests the world's airlines no longer consider the company a major player in the civilian airliner market. Boeing's jetliner plants in Renton and Everett, Washington, are approaching capacity, and there is speculation that Long Beach could become a new Boeing assembly site. At this point, that's a major uncertainty at best.

Lockheed and Northrop said they, too, expect few changes for their workers. But the day of the buyout announcement, the companies said Northrop's Century City headquarters would be shuttered, a move affecting more than 300 employees. Lockheed already was completing its departure from Burbank. More significant, industry speculation already abounds that Lockheed may move a lot of its aircraft work to Fort Worth — a decision that could take thousands of jobs out of California. There was a lot of talk at the Paris Air Show in June that Lockheed may be wooing the European aerospace consortium, Airbus Industries, for some future long-term partnership that conceivably could be a boon to U.S. subcontractors, many of whom are in California.

The reality of the aerospace world at the end of the 20th century is that on the defense side, spending in the United States and among most of its allies is dropping, and the programs that remain require huge investments for research and development and eventual production. That is why the Pentagon has encouraged consolidation that has seen some 40 major mergers and acquisitions in the past three years. On the commercial side, companies all across the globe realize that consolidation is going to be necessary to compete.

Outside the United States domestic political considerations and historic rivalries have made the move toward the pooling of resources a slow process. Here at home, even though some of the possible corporate reorganizations could cost thousands of jobs, the only real eyebrow-raising in government is coming from a handful of anti-trust bureaucrats who are beginning to wonder whether all this consolidation has gone far enough, and are worrying that prospects for real competition in the future are fading with every new boardroom marriage.

The politicians, for the most part, have been relatively quiet. No doubt some politicians see Boeing, Lockheed and the other aerospace industry survivors as political friends; some see the mergings and buyouts as simply an undeniable fact of life that can't be helped; some perceive no real problem in letting nature and corporate America take its course; and, no doubt, some haven't been paying much attention.

But if the aftershocks from all these alliances turn into anything approaching the economic body-blows many California communities have experienced over the past decade from military base closures, the conversation about aerospace consolidation quickly may turn less academic and far more public and heated.

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